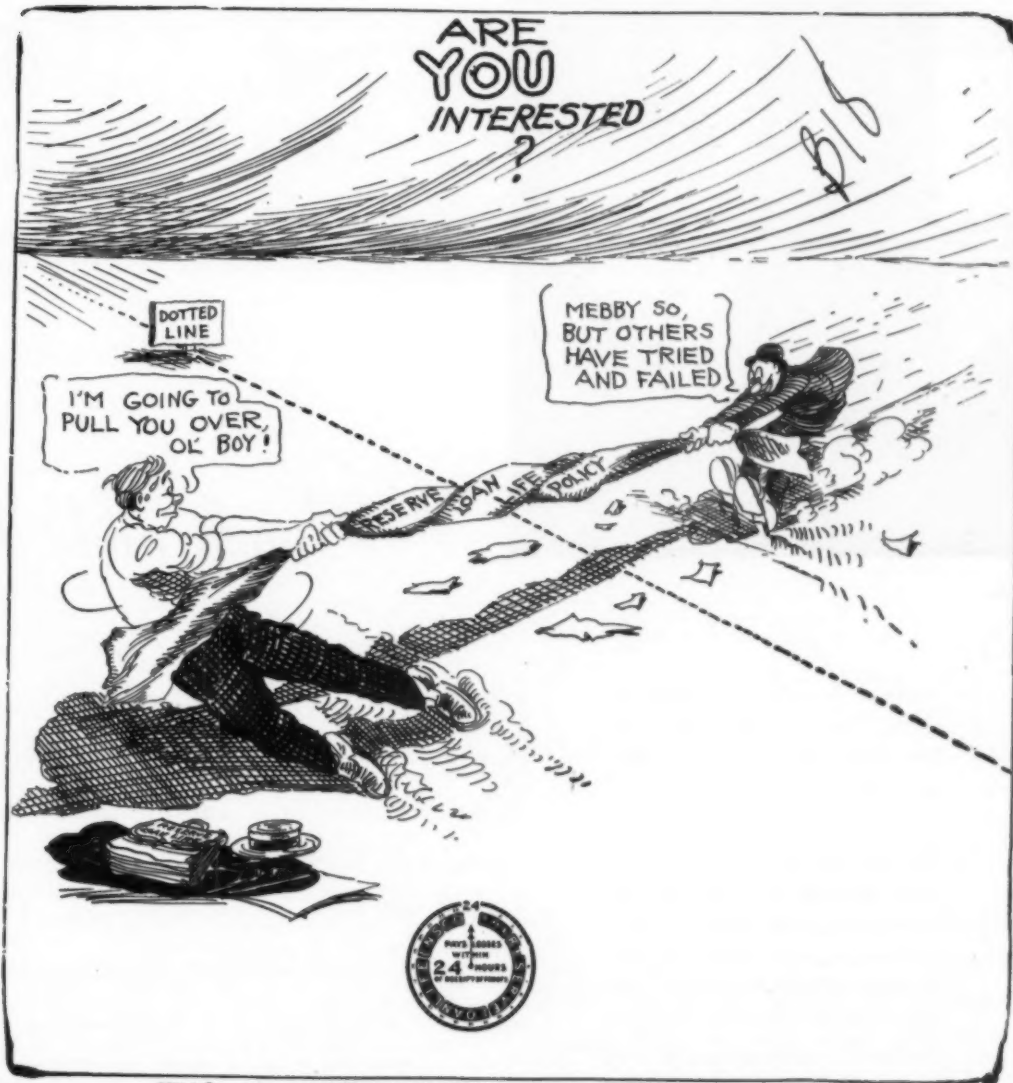


The National Life Insurance Company

LIFE INSURANCE COMPANY

FRIDAY, OCTOBER 14, 1932

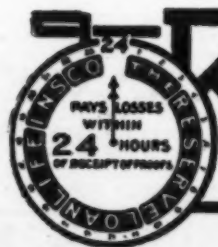
INS. LAB.



TUG OF WAR — OUR POLICIES PULL THEM OVER

WRITE FOR GENERAL AGENCY PROPOSITION
AND TERRITORY

RESERVE LOAN LIFE
INSURANCE COMPANY
INDIANAPOLIS, INDIANA.





GROWING with the GREAT MIDWEST

"Smoke and Steel"

Photograph by Torhel Korling

This is one in a series of advertisements devoted to an exposition of those intangibles which make Chicago "a city with a personality."



The Illinois Life through these advertisements pays homage to Chicago. Being the oldest legal reserve life insurance company now active, to be chartered by the State of Illinois, and having maintained "headquarters" in Chicago for thirty-nine years, the Illinois Life feels justified in this effort to offset some of the unfair publicity which Chicago has received by presenting a glimpse at the other side of the picture.



Raymond W. Stevens, President

SANDBURG the poet had a vision. Chicagoans, too, as they look upon and study their city experience an emotional response. * The immensity of industrial Chicago is nothing short of a marvel. Wood, stone, steel, buildings, equipment. A mass of material. And beneath all this the driving energy of man. Manpower! Planning, directing, guiding, executing. A stupendous spectacle. * Chicago is a nerve center of world industry. A quotation of dry statistics, employment, payrolls, production, would be no more effective, and less symbolic, in describing industrial Chicago than the rugged power expressed in the photograph which tops this page.

ILLINOIS LIFE INSURANCE CO.

ILLINOIS LIFE BUILDING * CHICAGO * 1212 LAKE SHORE DRIVE

CHICAGO: A GOOD PLACE TO LIVE, A GOOD PLACE TO WORK

The National Underwriter

LIFE INSURANCE EDITION

Thirty-Sixth Year No. 42

CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, FRIDAY, OCTOBER 14, 1932

\$3.00 Per Year, 15 Cents a Copy

Replacement Plan Causing Concern

Speakers at American Life Convention Meeting Point Out Danger

PRACTICE IS EXTENDING

W. W. Jaeger of Bankers Life of Iowa Urged Cooperative Action to Stay the Procession

The atmosphere was tense at the closing session of the American Life Convention annual meeting at Toronto last Friday morning. The Agency Section was holding the boards with W. W. Jaeger, vice-president and agency manager of the Bankers Life of Iowa, in the chair. The agency speakers brought out some particular thought on the question of replacement of policies.

Mr. Jaeger in his introductory remarks called attention to the seriousness of the situation and the subject was developed by A. Gordon Ramsay, assistant general manager of the Canada Life; Actuary E. McConney, Bankers Life and Lee J. Dougherty, president of the Guaranty Life. Then Frank L. Jones, vice-president of the Equitable Life of New York, explained the plan that has been in vogue carried on by 53 companies whereby a pledge was made to respect each other's rights and to bring to the attention of offending members any case where it was held unprofessional tactics had been used by an agent in switching business.

Scope of the Agreement

Mr. Jones presented the agreement that was reached by these companies that are members of the Life Agency Officers Association and outlined the plan that was put into effect after conference with officers of the New York City Life Underwriters Association. Mr. Dougherty had been particularly emphatic and vigorous in the presentation of his position as he was the author of the anti-twisting resolution adopted at the Des Moines annual meeting a few years ago.

At the conclusion of Mr. Jones' address, Chairman Jaeger stated that the situation in the field was most serious. Raids were being made on companies' business. On many occasions no account is taken of ethical considerations relating to their rights of the original company. Mr. Jaeger stated that raids were not only being made on policies where loans had been placed but on agents. He said that if this practice continued and agents were allowed to rewrite policies on which loans were made without any consideration as to the desirability of doing this or justice to the policyholder, the companies would find that their production forces would

(CONTINUED ON PAGE 13)

Panics, Cash Values Eyed

Linton, in Actuarial Paper, Finds No Short Cut to Cover in Storm—Plans Must Be Laid for Future Demands When Reserves Are Greater

M. A. Linton, president of the Provident Mutual Life, in a paper presented at the annual meeting of the Actuarial Society of America in session at Ottawa, expressed the belief that there is no short cut to cover while the storm of policy loan and surrender value demands is descending. The important course, he said, is to realize that in the future cash values will be far greater than they are today and future recurrences of hard times may make the present cash demand upon life companies seem to be only a ripple. "Panics and Cash Values," was the title of his paper.

"There is no easy road to safety which can be developed after the storm has broken," Mr. Linton declared. "The prudent and only sure course is to prepare in advance to have assets which can surely be realized upon in times of stress."

Look to the Future

The present depression, Mr. Linton pointed out, followed a rapid development of life insurance sales so that reserves were relatively small compared with the cash income of the company. If the sale of life insurance had been as great in the decade before the war as it was in the decade following, there would have been outstanding a much larger volume of insurance of relatively long duration, he declared.

Executives should attempt to conceive what the relation will be between accumulated reserves and cash income remaining out of premium and interest receipts after paying policyholders' claims, expenses and taxes when there is two hundred billions insurance in force. "What proportion of the assets," he asked, "will be invested in relatively liquid securities so as to be available to meet an abnormal cash demand? What we have been able to do in our comparative youth in the 1930's, we may not be able to repeat in the 1940's or 50's unless intelligent preparation is made to meet the conditions which may then confront us."

Real Estate Loans

Mr. Linton then, with actuarial deftness, projected a hypothetical company of 20 years to show what the probable cash drain in a depression might be. The problem is how to prepare to meet that drain, he said. Cash and United States government securities provide one method. They are expensive in that they reduce the interest earnings, however. Investment may be made in a certain proportion of the highest grade bonds maturing each year for a number of years ahead. High grade equipment trust bonds, he said, fall in this class and have given an excellent account of themselves in this depression. More serious attention to studies of economic cycles will be given, Mr. Linton believes. Attempts will be made to estimate the approach of depressions and

high grade bonds may be purchased to mature at those times.

Real estate mortgage loans, he said, cannot be counted upon to help meet a cash drain. In great depressions real estate becomes frozen and lags in coming back to normal. In good times mortgages offer a relatively high average rate of interest. If the excess is saved against the rainy day the company's foresight is likely to pay big dividends, he said. If the excess is distributed as earned, the consequences may be unsatisfactory. Incidentally, he declared, there has been a gratifying flow of principal repayments on high grade mortgages which has helped the cash position but should not be counted upon in advance.

Perhaps, Mr. Linton said, the creation by the government of the War Finance Corporation and the Reconstruction Finance Corporation has set a precedent that may be counted upon in future crises. "One of these days," he interjected, "we may know the full extent to which life companies have had to avail themselves of the facilities thus offered."

Mr. Linton said it would be unwise to count upon that kind of a system, however, to the extent that a company would neglect proper safeguards. It would be disastrous in the long run if financial institutions neglected to make provision for adequate liquidity by relying upon the government to set up a "vast pawnbrokers' establishment" to be available when panic breaks loose. "Of course," he said, "if the objective be the socialistic one of state capitalism that would be a way of attaining it."

Speculation and Depression

If the lesson is learned that extended depression is certain to be preceded by rapid expansion of speculation, life insurance executives will foresee what is coming and during the period of speculation may build up liquid assets by purchasing United States government securities of relatively short duration and of the highest grade short term corporation bonds which appear to have the best chance of being paid promptly at maturity, even in economic stress. The probability that the issuing corporation will have access to another R. F. C. would naturally be taken into account, he said.

It would seem to be reasonable for a well established life company to put itself in a position to realize in cash over a three or four year period of anticipated economic stress, 10 or 15 or even 20 percent of its assets, depending on its own circumstances.

Mr. Linton reviewed the course of life insurance through previous depressions. Despite periodic setbacks over 41 years, the progress of insurance in force of 20 companies has not halted in its upward mark. The year 1932 may tell a different story, he declared. If it

(CONTINUED ON PAGE 13)

Seek Basic Cause for Suicide Rise

Rate Increases Rapidly with Age—More Prevalent Among Men

METROPOLITAN MAKES STUDY

Too Much Emphasis Placed on Depression Cause, Not Enough on Type of Personality

The statistical bulletin of the Metropolitan Life raises the question as to what is responsible for the rising suicide rate. Some 20,000 people kill themselves each year in the United States and the number is increasing.

Many attribute the current increase to the effect of the economic depression. The Metropolitan Life statisticians have studied the problem and are convinced that this explanation, while plausible, is not the complete one. The Metropolitan says that suicide is a complex social phenomenon which reflects not only the environment in which a person finds himself, but to an equal extent, the character of the personality and the nature of the individual who is subjected to the ordinary or abnormal struggles and stresses of life. The suicide rate increases very rapidly with age. It is much higher for males than for females. It varies greatly among the different races. These angles, the statisticians say, have not received sufficient attention in the current discussion.

Began to Rise in 1925

The suicide rate, now rapidly increasing, began to rise in 1925 and has mounted steadily every year without exception. This period includes the very prosperous years of 1927 and 1928 and most of 1929. The most pronounced increase came in 1929 and 1930.

The figures for the industrial policyholders of the Metropolitan Life are still below what they were prior to the world war. A minimum was reached in 1930, when the figure was 6.1 out of 100,000. The highest peak was 13.5. The rate now is about 11. The Metropolitan feels that the low figures for suicide during and immediately after the war, both in the United States and throughout the world, reflected the intense interest which the great mass of people had in living. Life was, on the whole, a great adventure in those days.

There are a number of clear cut cases of suicides resulting from pressing economic stringency, the statisticians say. The percentage increase among men has been higher than among women. This is logical, in view of the fact that men have heavier financial responsibilities and the pressure of hard times affects them the most. Suicides undoubtedly represent a group of the community that is more easily upset mentally and

(CONTINUED ON PAGE 11)

Darwin P. Kingsley's Death Attracted Wide Attention

MUCH PRAISE IN THE PRESS

Was Regarded as One of the Great Life Insurance Leaders of His Generation

Darwin P. Kingsley, chairman of the board of the New York Life and for many years its president, died at his home at 660 Park avenue, New York City, after an illness of several months. Death was due to heart disease. Mr. Kingsley was in his 76th year.

Mr. Kingsley became seriously ill last July while at his summer home at East Hampton, L. I. His condition became critical the latter part of August but since that time he experienced several rallies and within a week prior to his death had been deemed sufficiently recovered to return to his New York City home.

Elicited Wide Comment

The public esteem in which Mr. Kingsley was held is reflected in the volume of praise of him that has appeared in the press since his death, both in lengthy editorials and in statements by men of national prominence.

Funeral services were conducted Oct. 10 at St. Bartholomew's Church by Bishop W. T. Manning, assisted by the Rev. Dr. Clifton Macon, acting rector of St. Bartholomew's. A brief service was held at the chapel of the University of Vermont, of which Mr. Kingsley was a trustee. Burial was at Burlington, Vt.

Out of respect to Mr. Kingsley's memory the home office was closed at 1:30 p. m. Monday.

Mr. Kingsley's Career

For 24 years Mr. Kingsley was president of the New York Life and since March, 1931, chairman of its board. He was born at Alburg, Vt., May 5, 1857. Of old New England stock and the son of a small but thrifty New England farmer, he was educated in a typical district school, working in his vacations on the farms of his father and his neighbors. At the suggestion of the family physician, who stimulated in the boy a desire for higher education, he entered the University of Vermont where he paid his own way by various kinds of labor. He was an honor student, a member of Phi Beta Kappa and was graduated in 1881 with the degree of A.B. Later the university conferred upon him the honorary degrees of A.M., LL.D. and L.H.D.

Started Business in Colorado

Settling in Colorado he became the editor of a local newspaper which introduced him into the political life of the state. Taking a vigorous part in the civic progress of Colorado he became state auditor and state superintendent of insurance. From this position he was called by the New York Life to take charge of its New England department.

His success as an executive was so marked that he was summoned to the home office and rose through the various grades of superintendent of agencies, third vice-president and vice-president to the presidency. He was elected to this office in 1907, just at the close of the famous Armstrong investigation which had resulted in confusion and disorganization in the business of American life insurance. All financial institutions at that time were suffering more or less from the blight of popular distrust. To accept the headship of a life company at such a time was a responsibility which inevitably involved many unprecedented anxieties and problems. Mr. Kingsley, however, accepted the task, and with vigor and courage set to work not only to rehabilitate his own company in public confidence but to demonstrate that life insurance is a public

Leader Dead



DARWIN P. KINGSLEY

Darwin P. Kingsley, chairman of the board of the New York Life, who died last week was recognized as one of the greatest life insurance executives of his day.

A special meeting of the executive committee of the Association of Life Insurance Presidents was held Monday morning and took appropriate action. Representing the association officially at the funeral at St. Bartholomew's Church in New York City, Monday, were F. H. Ecker, president Metropolitan, chairman; M. B. Brainard, president Aetna Life; E. D. Duffield, president Prudential; W. A. Law, president Penn Mutual; E. I. Low, chairman Home Life; T. I. Parkinson, president Equitable Life of New York; G. W. Smith, president New England Mutual, and G. T. Wight, secretary and manager of the organization. The interment was at Burlington, Vt.

service institution of far-reaching importance in the social and economic fabric of American life. His success is indicated by the fact that during his administration his company more than doubled in size, the number of policyholders growing from about a million to about two and a half millions, and the assets from slightly less than \$500,000,000 to nearly two billions.

The long list of his public addresses and essays on insurance, civics and social economics have not only stimulated his own organization but life insurance generally. Few Americans of his time have so effectively combined as Mr. Kingsley an administrative ability of the highest type with the capacity to perceive, analyze and interpret the social, economic and political currents of past and present history.

Mr. Kingsley was president of the New England Society in New York City, 1919-20, president of the chamber of commerce of the state of New York, 1920-21, was a trustee of the University of Vermont, and a director of various important corporations.

Tribute by President Buckner

President T. A. Buckner of the New York Life paid Mr. Kingsley the following tribute:

"Mr. Kingsley was not only endowed with a mind equalled by few and exceeded by none of his generation, but his great gifts were accompanied by broad vision and imagination, together with a simplicity of spirit which enabled him to walk, understand, and sympathize with the great and the small in this old world of ours. He was deeply religious—but abhorred cant and hypocrisy in every form. He worshipped not in 'temples made with hands,' but aided

Estate Starts 44 Actions Arising from Baker Death

\$1,000,000 INSURANCE CASE

Companies Contest on Medical Grounds—Results in Suits Filed in Three States

NEW YORK, Oct. 13.—What may well be a record number of legal actions in life insurance litigation has been brought in connection with the \$1,000,000 death claim of the estate of the late H. W. Baker, president of Merritt-Chapman & Scott, one of the world's largest marine dredging and salvaging companies.

Forty-four actions in three states is the total thus far. The policies were all business insurance, payable to the dredging company, although \$50,000 personal insurance had been issued by another company on the same medical examinations.

Merritt-Chapman & Scott last week obtained injunctions in supreme court here restraining ten of the 12 companies which are contesting payment from starting or continuing suits outside the state. All of the 12 had brought suit in chancery court in Delaware, where the defendant corporation is domiciled and ten did so in chancery court in New Jersey, Mr. Baker's home state.

Insurance Only Year Old

The two companies not enjoined in New York state were the Sun Life of Canada, which is not admitted here, and the Connecticut Mutual Life, which removed to the federal district court. Appeal was taken to the circuit court of appeals on the latter case.

The insurance was issued slightly more than a year ago. Mr. Baker died last May. The immediate legal battle centers around the efforts of Merritt-Chapman & Scott to have the actions tried at law in New York state courts rather than defend the actions brought in chancery courts in New Jersey and Delaware. If the dredging company succeeds in keeping the case in New York, where it has brought suit against 11 of the 12 contesting companies, it will mean a separate jury trial on each company's policy. Failure to disclose important medical information on the application is the basis of the companies' contest.

in support of the church visible. He has gone to his reward. If the affection and esteem in which he was held by those who knew him is a measure of his reward, great indeed will it be in that beyond to which his spirit has fled.

"Mr. Kingsley was one of the really great men of this age. His towering intellect was as staunch as the mountains of his native Vermont and as clear and limpid as the waters of Champlain on the banks of which he was born. His sterling integrity and rugged honesty were as indestructible and immutable as the granite hills among which he was raised.

Mighty Leader of Thoughts

"He, like most scholarly men, was reticent and retiring, but when the need arose his voice and pen made all who heard or read, realize that a mighty leader of thought was in their midst. In the language of his beloved Shakespeare—"He was a man, take him for all in all, I shall not look upon his like again."

The honorary pallbearers at Mr. Kingsley's funeral were Calvin Coolidge, John E. Andrus, E. E. Andrews, Cornelius N. Bliss, Thad C. Bell, Alex S. Browne, James Brown, Henry Bruere, Mortimer M. Buckner, Thomas A. Buckner, Nicholas Murray Butler, George B. Cortelyou, William T. Dewart, Fred H. Ecker, John H. Finley, James G. Harbord, Charles D. Hilles,

Hull Brings Stirring Ideas to Peoria Sales Congress

RETURNING TO "MAIN STREET"

National Association's Managing Director Inspires Illinois Gathering with Picture of Usefulness

It is time to get back onto "Main Street," Roger B. Hull, managing director National Association of Life Underwriters, declared in his talk at the Peoria, Ill., sales congress. He said he is confident the winter of 1932-33 will be known as the beginning of the period when America really set about the business of getting back onto the main line of a rationalized national prosperity; when the American people began to plant their feet back on the solid ground of a "sobered and chastened, yet still rugged, individualism."

This country can return, if it will, he said, to the standards of sanity, security and order, to replace corruption, lawlessness and speculation. Life insurance agents can play a tremendous part in this reorganization. The greatest public enemy is public apathy.

New Element in Power

Life men must sell life insurance to a public disciplined by new social and economic principles, he said, and unless they understand these principles there is a very strong possibility they will not be long in the business. Mr. Hull sees 1932 as marking the beginning of the end of control of the business man who was concerned only with his own profits in terms of money and welcomed large and disorderly economic fluctuations, and the ascendancy of the true industrialist who will advocate and insist upon economic stability.

The sales congress conducted by the Peoria association was largely attended, the headlines on the program attracting agents throughout central Illinois as well as in Peoria. The congress was called to order by James B. Scott, president of the Peoria Association. O. P. Westervelt, president of the Peoria Association of Commerce, delivered the address of welcome.

The first formal speaker was Russell S. King, general agent for the Union Central Life of Indianapolis, who delivered a number of sales demonstrations, for which he is noted, all being susceptible to practical application.

Henry E. North, third vice-president Metropolitan Life, who addressed the National Association of Life Underwriters at San Francisco, gave a forceful talk on modern selling.

The afternoon session opened with a few remarks by Kenny E. Williamson, chairman of the sales congress committee. N. P. Blanchard, president of the Illinois Association of Life Underwriters, was heard. George H. Harris, supervisor of field service bureau of the Sun Life, delivered an address on "Life and Annuity Underwriting—Present Day Opportunities."

"When an insurance man appraises a prospect's shrunken estate," Mr. Harris declared, "he excludes insurance from the list of investments that have dropped in value."

The last speaker was Roger B. Hull. The fall meeting of the executive committee of the Illinois association was held the evening before the sales congress, Mr. Blanchard presiding. About 30 attended.

Hale Holden, Charles Evans Hughes, Jr., Alva B. Johnson, Percy H. Johnston, Willard V. King, Gerrish H. Milliken, Adolph S. Ochs, Frank Presbrey, John J. Pulley, Charles M. Schwab, J. Barstow Smull, Jesse I. Straus, Ridley Watts, J. T. Stearns and Albert H. Wiggins. More than 2,500 attended the service in New York, including many notables in various fields.

Many Advantages in Budget Control

Lower Investment Yield, High Mortality Makes Expense Reduction Imperative

ADOLPH RYDGREN SPEAKS

Continental American Life Has Reduced Expenses Markedly Under Pressure of Budget Allowances

The advantage of budget control at this time was pointed out by Adolph A. Rydgren, president of the Continental American Life, before the Home Office Management Section of the American Life Convention.

Increased mortality of the assured, investment losses, lower interest earnings have necessitated the reduction of policy dividends at this time, said Mr. Rydgren, which increases the cost of life insurance just at a time when the price of everything else is going down. Although the situation is unavoidable, it obligates life companies to make the most drastic reductions possible in expenses. The most efficient tool to accomplish that is intelligently applied budget control.

Mr. Rydgren told of the evolution of his company's budget control system and said it is not a static thing but a healthy, live organism which has grown and expanded and promises to keep on growing and expanding.

Original Budget Was Started

The original budget was determined when the Continental American was established 25 years ago by apportionment of a certain proportion of the premiums for operating expense. The company has kept within its budget, with but one or two exceptions, ever since that time. However, the expense limitation restricted expansion in the field operations of the company and in 1921 a great effort was made to cut all expenses to the bone so as to allow more funds for development. Printing costs and clerical operations were carefully analyzed. Systems were revised and simplified with the idea of reducing expenses.

Larger Policy Unit Introduced

Recognizing that size of policies accounts for a great deal in determining expenses, a preferred class policy, issued in minimum amounts of \$5,000, was introduced and since that time two-thirds of the new insurance has been issued on this form. The preferred policy development among all companies reduced expenses generally. Additional margins of expense were obtained without increasing competitive net costs, said Mr. Rydgren, by either increasing disability and double indemnity premiums or restricting the extent of the benefit. Special dividend options and extra premiums charged for the privilege of paying premiums semi-annually or quarterly also increase expense margins.

Strain Was Eased

The powerful incentive supplied by the difficulties of keeping within the budget's strict margins of expense, developed many sources of additional margins of expense that otherwise would have been ignored, said Mr. Rydgren. "The increased average size of policies issued since the introduction of our preferred class form in 1922, the various economies effected, and the slowly accumulating additional margins for expense, gradually eased the strain of keeping our expenses within expense margins and gradually began to develop

Plan for Discouraging Replacement of Insurance

As the subject of replacement of policies is coming more and more to the fore, life insurance people are interested in the plan for discouraging the replacement of life insurance of one company by new insurance in another company, that was reached on behalf of the joint committee representing the New York City Life Underwriters Association and the Association of Life Agency Officers. J. S. Myrick of the Mutual Life of New York was chairman of the agency committee. Frank L. Jones, vice-president of the Equitable Life of New York, was chairman of the agency officers' committee. Mr. Jones has presented the plan at large and while it has received publicity in the past its forcefulness is now the more recognized as replacement has gained in momentum.

Statement by the Committee

The statement made by the committee is as follows:

"The life companies subscribing to the following plan do so in the belief that steps should be taken to put a check upon the cancellation of outstanding life insurance to be replaced by new insurance. The problem is a growing one because of current economic conditions and the pressure for new business. To solve it would give a sense of security to the men in the field, would create a more wholesome atmosphere surrounding the writing of new insurance, would reduce lapsation and thus tend to more effective conservation of outstanding insurance and to a stabilization of the business.

"Measures to curb the practice of substitution will protect every agent who serves his clients constructively and attempts to build a secure foundation for his own future. It is the substantial men in the business who more than any others suffer from the activities of those who for selfish reasons may attempt to tear down their work by urging policyholders to replace old insurance by new.

Adopted in Joint Conference

"The question was brought to the foreground by the calling of two conferences by the New York City Life Underwriters Association, attended by representatives of the association and of companies doing business in New York. The following plan has been formulated by the joint committee as a result of these conferences. It is being sent to all members of the Life Agency Officers Association in the hope that it may be approved by a large proportion of the membership. The plan is as follows:

"(1) That companies which have not already done so, insert in the next revision of their application form, a question as to whether the new insurance is to take the place of outstanding insurance either in the same company or in another company. The question should be in a part signed by the applicant and

an excess which not only enabled us to spend money more freely for agency expansion and for the strengthening of our executive force, but also enabled us to more adequately prepare for the future executive needs of the company.

"By this time, our margins are such that we can do better than the average of our competitors in net costs; hence in fixing our budget now, it is a matter of nice judgment as to how much we want to get our net costs down below that of the average of our competitors, as to how much money we want to appropriate for the more rapid development of our agency operations and as to what is desirable to be done in the way of preparing and training and developing an executive personnel."

also in the agent's certificate so that he may state his knowledge in the matter. Several companies have found by experience that the insertion of the question in the medical part of the application leads to more accurate information. Although each company is at liberty to place the question in either part signed by the applicant, the committee believes that the medical part is the better one for the purpose.

Company Cooperation Sought

"(2) The companies adhering to this plan welcome the greatest degree of mutual cooperation in connection with cases where substitution has either taken place or where there are indications that it may take place. Either company involved in a substitution case is encouraged to communicate at once with the other company to the end that steps may be taken to safeguard the interests of the policyholder and the companies. In some instances a company may find that the interest of the policyholder requires that the new policy be taken up and the transaction cancelled.

"(3) When a company shall receive an application for new insurance which apparently will replace outstanding insurance in another company, it shall promptly notify the other company and shall delay the issuance of the new insurance for at least two weeks so that it may hear from the other company and the other company may have opportunity to conserve its business. If a company shall learn that a replacement of its insurance has been made or is contemplated in another company, it shall feel at liberty at once to notify the company involved.

Want Proper Records Kept

"(4) Each company will keep a record of the amount and kind of insurance in cases where inter-company substitution, either attempted or consummated, has occurred involving in any way its own insurance. By so doing it will be possible in the course of time to gauge the extent of the evil of this kind of substitution and to have a better idea than at present of the changes that could advantageously be made in the plan herein formulated. In keeping the record of cases there should be separate classifications for incoming and outgoing insurance.

"(5) Companies are encouraged to take effective steps to educate the members of their agency forces to the advantages of retaining outstanding insurance and to the disadvantages of surrendering it to be replaced by a like amount of new insurance in their own or other companies. A large proportion of such transactions results from lack of information and understanding on the part of the policyholder; and wrong and often misleading advice on the part of the agent.

Will Control Harmful Practice

"We believe that the foregoing plan presents an opportunity for the business of life insurance to move forward in the control of a growing and harmful practice. It is a forward step for the institution of life insurance to take and it will become increasingly clear to all concerned that the companies are not going to build up their business at each other's expense.

"(6) Any company having subscribed to this plan may withdraw its adherence by giving written notice of its intention to withdraw to the secretary of the Life Agency Officers Association, Hartford, Conn. Furthermore, any company wishing to adhere to this plan in general but unwilling at present to subscribe to the entire program may do so by noting at the bottom of the form the exceptions it desires to record."

Project to Split I. A. C. Opposed

Majority of Members Consider Action Unnecessary in View of Group Plan

SEND NO QUESTIONNAIRE

Mills' Proposal at New York Meeting for Poll of Opinions Not Acted Upon

NEW YORK, Oct. 13.—A number of insurance newspapers, including THE NATIONAL UNDERWRITER, erroneously reported last week that a questionnaire is to be sent out by the Insurance Advertising Conference to determine whether the members wish to have the organization split into two separate units. Such a recommendation was made by B. N. Mills, Bankers Life, who presided at the meeting as president but no action was taken upon it.

At the present time, the I. A. C. has 40 members representing fire and casualty companies and 69 members representing life companies. At first glance this numerical difference in membership might make it appear that the conference is represented by many more life companies than fire and casualty.

Group Representation Noted

As a matter of fact the 40 fire and casualty members represent over 200 companies for the reason that most all of the fire and casualty companies operate in groups and an advertising manager of a fire or casualty company usually represents a number of companies instead of one as is always the case in life insurance.

For the past few years there have been some life members of the conference who feel that the life members might be more satisfactorily served if their organization consisted of only representatives of life companies. These members have made some effort to have the conference divided into two separate organizations, one for life men only and the other for fire and casualty. They have never, however, been in the majority.

Last year following the annual meeting of the I. A. C. at Toronto an effort was made to organize an advertising division of the American Life Convention, but nothing came of the effort. At this year's meeting of the conference in New York, there were a few life members who still expressed themselves in favor of a split-up but the great majority wanted no such action taken and would not even vote on the proposal that a questionnaire be sent out to determine whether a change be made in the present makeup in the conference.

Arrangement Works Well

At the annual meeting of the conference it is the custom to hold one or two joint sessions but a majority of the gatherings are of the group variety. That is, during most of the meeting the life men hold their own sessions as do the fire and casualty members. In this way both groups have all of the time they need for discussions of their own problems but they also are able to hold one or two joint sessions where they can discuss problems of common interest.

Now that the conference elects separate sets of officers for the life and the fire and casualty groups it is believed that all of the benefits of separate organizations have been achieved without actually breaking up the conference.

Value of Audit Bureau for Protection of Advertisers

BASIS FOR BUYING IS GIVEN

President Thomson of Bureau Tells I. A. C. Cost Is Little and Advantage Great

NEW YORK, Oct. 13.—P. L. Thomson, president of the Audit Bureau of Circulations, addressed the Insurance Advertising Conference at its annual meeting here on the value of the Audit Bureau to publishers and advertisers. He said that the audit bureau is to the business of publishing and advertising what the bureau of standards is to commerce and trade—it provides the basis of measuring circulation.

So general is the acceptance of A.B.C. standards that its membership is practically a Who's Who among publications, while an A.B.C. report has come to be looked upon as a certificate of character, the lack of which puts a publisher on the defensive, said Mr. Thomson. The non-A.B.C. publisher is in the position of a tradesman without any scales. He may have a perfectly good product to sell, but no way of weighing it on any scales recognized as standard.

Membership in the bureau, then, offers such obvious advantages and costs so little that the publisher who is not afraid to measure his circulation against the bureau standards will normally be found a member. For most publishers that are not in the A.B.C. it is not a matter of choice but of necessity. They simply cannot qualify.

Agreed on Rules

This doesn't mean that the bureau is "high hat" or exclusive, according to Mr. Thomson. On the contrary, it is the most democratic sort of an institution. Its rules are the result of some 1,500 reputable publishers and 400 important buyers agreeing among themselves on how to surround the sale and purchase of circulation with the safeguards necessary to protect the interests of both parties.

"If in your field of insurance advertising you don't need to take advantage of these safeguards, then your situation differs from that in most lines and in the electrical industry in particular, where I know from experience that the A.B.C. has saved honest publishers and careful buyers a great amount of money," he said.

"Publishers frequently tell me that the bureau represents a value to them equivalent to many times what they pay as membership dues, and I know that in these difficult times, when we advertisers are all trying to get more out of our dollars, there has never been such an increase in the demand for A.B.C. reports and the study of the circulation data which they disclose.

"There are, I think, eight insurance publications which are members of the A.B.C. These business papers, like the 249 other technical and trade journals that are in the bureau, conform to certain definitions as to what constitutes a paid subscriber, as to premiums and other inducements to purchase, and as to the geographical and occupational classification of the readers. You thus have a fair basis of comparing these papers with each other, but no satisfactory basis to compare any paper outside the bureau with any of the eight that are in it. Situations like that in other industries have been corrected. Offhand, it would seem to me that in the insurance field the solution of the problem is in your own hands.

"Outside this consideration of self-interest it seems to me there is another reason why insurance publications and insurance companies ought to be identified with the A.B.C. This is the broad one that a great industry like yours ought to be out in front with a share in running this great cooperative

Industrial Life Section Has Informal Discussion

MUCH INTEREST IN AVIATION

Report of Special Committee on Underwriting of People Who Use Air Travel

The new Industrial Life Insurance Section of the American Life Convention met the last afternoon of convention week, those interested being grouped around a table and talked informally about their business. J. F. Maine, superintendent of agencies of the industrial department of the London Life, presented its plan of agency selection and training for industrial agents. That formed the basis for discussion as to the best method of getting new men, what kind of men are best to start in the field, what training is necessary. Some of the industrial problems were brought out. There was considerable discussion as to whether it would not be an excellent thing for the industrial companies to pool their experience on a number of activities relating to this particular subject. The group was not large. There are 12 American Life Convention companies writing industrial. W. J. Bradley, field inspector and publicity manager of the Home Life of America of Philadelphia, presided.

C. O. Shepherd of the Missouri State, chairman of the aviation committee, made a report. It stated there is a wide variation in mortality rates on different types of flying, primarily attributable to differences of practice and rules accompanying them. The committee said that the underwriting of aviation risks requires special knowledge, the extent of which will probably increase rather than diminish in the future. Any company without such special knowledge, the committee said, will do well to confine its writings to conventional, well defined risks. Those which wish to go further will need to keep in close touch with aviation developments and the statistical investigations which are constantly going on, observed the committee.

Neophytes Who Spoke at Convention

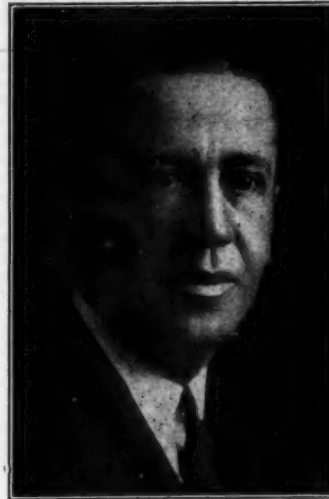
E. B. Raub, Jr., associate counsel Lafayette Life, who spoke before the Financial Section, said it was his first trip to a meeting of the American Life Convention. S. W. Souers, financial vice-president Missouri State Life, who followed Mr. Raub on the program, stated that he too was making his first trip to an A. L. C. meeting. Chairman R. T. Byers of the Financial Section recommended that the new administration invite more first timers as they prove to be profound thinkers. V. H. Brainard, investment supervisor in the home office of the American Central Life, who read the paper prepared by Secretary R. G. Smith of the Connecticut General, said that he too was a neophyte at A. L. C. meetings.

undertaking that is conceded to be the greatest single contributing factor toward the progress of advertising in America.

"Here was a business in the making twenty years ago threatened by the uncertainties of no yardstick with which to measure sales and purchases; and without waiting for some scandal to bring down upon it the strong arm of government, without employing a Landis or a Hays to keep the peace as between the members, a lot of wise publishers and agents and advertisers got together 19 years ago and set up a code of their own and the machinery to enforce it. Here was a business, then, that puts its house in order and is keeping it in order today.

"That, gentlemen, is the A.B.C.—not an experiment, but strong in its own achievements, and worthy of your support."

Legal Official



ALLAN E. BROSMITH

Allan E. BroSmith of Hartford, attorney for the Travelers, was elected secretary of the Legal Section of the American Life Convention at its annual meeting in Toronto last week. Mr. BroSmith is making a record in his work and his reputation therefore does not depend on his illustrious father, William BroSmith, vice-president, nationally known executive. Allan BroSmith is well liked and is taking an active part in organization activities, assuming in that role the part so long played by his father.

National Roosevelt Group Is Formed in Insurance

The National Insurance Associates, a Roosevelt-Garner campaign organization has been formed in New York. John A. Griffin of New York, who is well known and has worked with Governor Roosevelt for a long time, is national chairman. State chairmen are being appointed. Arthur S. Schwartz of Chicago, vice-president Insurance Brokers Association there, is Illinois chairman. S. N. Eben, of Eben, Baxter, Harstedt & Co., New York coverage adjusters, is treasurer. Harry Hyatt is secretary. A number of Fidelity & Deposit men already have joined the group to elect their former vice-president as President. It is urged Mr. Roosevelt sponsored and signed the New York agents and brokers qualification law and insurance men should support him.

Ohio General Agent Cited

R. E. Saunders, Ohio general agent for the United Mutual Life, has been ordered to appear before the Ohio department Nov. 10 to show cause why his license should not be revoked. It is understood that the Columbus and Toledo better business bureaus have been investigating Mr. Saunders' advertisements for first mortgage loans.

Back Nebraska Commission

The Nebraska Life Agency Managers Association is backing Commissioner Herdman in his policy revoking or suspending licenses of agents where the law has been violated. The commissioner suspended licenses of two agents on the ground that they had twisted an ordinary life policy to a 20-pay life in the Gibraltar Life & Accident of Denver, which they represented. R. C. Harriss, general agent of the Bankers Life of Nebraska, is president of the managers body and states that his organization hopes the department will enforce the insurance laws energetically.

Pittsburgh Sales Congress Draws Over 600 Life Men

STUDY PRESENT DAY METHODS

Getting the Application Notwithstanding the Depression Draws Out a Big Crowd

PITTSBURGH, Oct. 13.—The Pittsburgh Life Underwriters Association held a special sales production conference last Tuesday afternoon, attended by over 600 members, the purpose of which was a discussion of present day methods in the production of life insurance. C. Brainerd Metheny, Equitable of Iowa, opened the conference and chose as his subject "another story." Mr. Metheny has specialized on calling on supposed bankrupts and stressed the fact that many of those who were apparently out of money still had some and could be closed if properly handled. W. F. Williams, National Life of Vermont, Meadville, Pa., spoke on "The Priceless Ingredient, Time." He stressed the fact that an agent's success or lack of it could be traced to the manner in which he apportioned his time.

Should Not Accept "No"

O. L. Hagenbuch, Travelers, speaking of life insurance as property, discussed the non-shrinkable value of life insurance as a part of a man's estate and compared it with bonds and securities which suffered materially during the depression.

Calvin I. Bolster, Edward A. Woods agency, discussed building confidence in the minds of the prospect. He said that taking no for an answer was obviously not the thing to do, particularly at the present time. Bolster stated that he set a goal of one hundred policies for this year and has paid for eighty-four to date.

Now Is Time to Close

Holgar J. Johnson, manager Penn Mutual Life for western Pennsylvania and past president of the association, closed the conference with a brief discussion of the contributory value of the local underwriters association. He stressed the great advertising value to the various companies and agencies of the work being done by the association and warned members that now was the time to line up new prospects.

He said further that competition for the American dollar would be the keenest after the depression was over and that it would not pay to wait.

Mr. Johnson said that people are very quick to forget the disagreeable things in life and after hard times are over they might also be quick to forget the promises they are making now.

Jay Holmes, Travelers, presided over the conference.

Republican Strategy Reacts on Insurance, Some Object

Some agents (perhaps Democrats) are complaining about the public reaction to the Republican strategy of painting the country on the brink of catastrophe a few months ago, only to be brought to safety by the present administration. In describing what threatened, the Republicans are citing insurance companies, which they contend were tottering before the Reconstruction Finance Corporation and other agencies were thrown into the breach. Some agents say that their friends and clients are using that statement to challenge the theory that life insurance is impregnable.

The ninth anniversary of the H. A. Chipman agency of the Equitable Life of New York at Columbus will be celebrated Nov. 19 with a Thanksgiving party. Guests of honor will be W. J. Graham, vice-president; W. M. Rothamel, agency manager, and C. R. Golly, agency manager, Peoria, Ill.

Insurable Interest Treated in Paper by Eric Collins

TALKS TO INSURANCE LAWYERS

Beneficiary in Life Insurance Policy Is
Subject of Address by National
Life, U. S. A. Man

A treatise on the beneficiary in a life insurance policy was delivered by Eric Collins of the National Life, U. S. A., before the gathering of the Chicago Insurance Lawyers Club Tuesday evening. Mr. Collins devoted his attention particularly to the question of insurable interest.

Although legally, in many states anyone may be named beneficiary, most old line companies, Mr. Collins observed, require the beneficiary to have an insurable interest in the life of the insured. The restriction, however, he said, is solely for the benefit of the insurer and may be waived, providing the restrictions are not statutory or that a waiver would be contrary to public policy.

A waiver, he said, may arise through laches as where a policy is issued with an ineligible person named as beneficiary and the insurer, with full knowledge of these facts, collects premiums over a number of years.

Equitable Theory

The equitable and reasonable theory is supported, he said, that where an insurer has issued a contract, with full knowledge of the facts, and has collected premiums, the insurer should be estopped from repudiating the contract on technical grounds that do not involve a matter of public policy or a statutory enactment.

In Illinois, according to Mr. Collins, where the beneficiary is unquestionably ineligible and there has been no waiver, the whole contract is not ordinarily rendered void. The proceeds would be payable to the insured's estate.

The matter is simplified, he said, where there is more than one beneficiary, some of whom are eligible and some are not. In a case in Illinois, the eligible beneficiary was given the total amount due under the contract.

The person designated as beneficiary, according to Mr. Collins, is chargeable with notice of the contents of the contract.

Testamentary Disposition

Mr. Collins pointed out that a disposition of the beneficial interests under a policy is not a testamentary disposition as the contract does not constitute a part of the estate to be settled and administered or made subject to debts of the estate with the exception of contracts specifically payable to the estate. The difference between a testamentary disposition, he said, and a disposition of the beneficial interest lies in the fact that the latter vests on the issuance of the policy while the interest under the will does not vest until the testator's death.

The class, eligible to be designated as beneficiary, which causes the most controversy and litigation is "children of the insured," or "surviving children." When the names of the children are not included, the question arises: Who are the children and who are eligible to be included under the designation of children? Ordinarily, he said, the term children includes only immediate offspring and not grandchildren. The term does include adopted children where the adoption is legal and valid. Where wife and children are named, the term will cover children by a prior marriage of the insured as well as children by his present wife. There is some conflict of authority where the wording is changed to "wife and their children."

Before a settlement can be made, the insurer must ascertain whether there were any children born of the assured, whether any children survive him and

(CONTINUED ON PAGE 11)

Conservation Methods, Attitudes Toward Rewriting Plans Reviewed

Views and methods on conservation of loaned policies have been presented in THE NATIONAL UNDERWRITER in recent issues. A western company writes:

The company has not formulated any rules either for the guidance of agents or branch offices. All such cases are referred direct to the home office and are handled in the way considered the most advantageous for the policyholder.

In cases where the loan is large in comparison with the balance value, the company will usually allow the surrender when requested by the policyholder and also allow the agent to submit a new application in order to furnish the policyholder with the insurance he needs, unhampered by interest. Where, however, the agent requests the surrender value, which indicates that he is endeavoring to rewrite the policyholder, then a letter is written direct to the policyholder from this department giving him the advice considered best in his particular case.

There is a third class where new policies are written and requests for sur-

render of the old policies are made simultaneously: the company endeavors to discountenance this practice, and if it be impossible to stop the issue of a new policy, then the agent is advised that the company considers the rewriting as a replacement and not new business, and no commission is allowed.

Where policies are of long standing it is the company's fixed practice to have the policyholder continue the policy by means of a new loan or a premium note in order to conserve the benefits accruing at maturity; that is, at the end of the premium paying period, in all cases where it is evidently to the policyholder's advantage to do so.

* * *

This from a southern company:

We have not attempted to do much along this line. We feel that too many cases will be rewritten which would in the ordinary course continue in force without change, and that the amount of business actually saved would cost us at least an equal volume of entirely

new business because of the division of time of the field men. We have, however, permitted the rewriting of extreme cases in accordance with the following rules:

1. The policy must have the full loan value borrowed and the loan must be at least \$200 per \$1,000.

2. This indebtedness must have existed June 15, 1932.

3. Regular commissions reduced by 15 percent to 20 percent of the premium are payable.

The rules are subject to withdrawal at any time.

Bankers of Ia.: We are still in the process of experimenting with various ideas and so far have not formulated a plan for handling such policyholders. In fact, scarcely any two cases are handled alike. It may be that after we have experimented a little more, we will adopt some definite plan.

* * *

A large mutual company writes: This office has endeavored to meet the existing situation by a rule fixing an adjusted basis of compensation on policies issued in substitution of existing insurance. Under this rule the agent who writes a substitution policy under justifiable conditions is allowed a first commission equal to half his contract

(CONTINUED ON PAGE 11)

Keeping abreast with investment needs

In the turmoil of the past two years old standards for investment guidance were swept away. The public mind, in its renewed search for those avenues of investment which offer absolute security and stability of income, has become conscious of the inherent value of the "Annuity" principle.

Fitting this principle into its own wide investment service to the public has been one of the major achievements among this year's activities of The Great-West Life.

In its new "Retirement Annuity" the Company has brought to the support of its Agents a modern contract of unusual flexibility, meeting definite investment needs of the young and old, the insurable and uninsurable.

THE **GREAT-WEST LIFE**
ASSURANCE COMPANY
WINNIPEG, CANADA

Business in force—Over \$600,000,000.00

"A Source of Comfort Through the Years"

The Record of a Small Policy

THE following letter from a Wisconsin clergyman illustrates strikingly how even a small life policy *kept in force* may be the chief or sole means to security and peace in the later years of life:

"My mind goes back across the years, to an afternoon in North Dakota, when a representative of the New York Life came to my home and urged me to take out some Life Insurance. I believed in insurance but was too poor to make a start. I was so short of money that the agent had to lend me the money for my first premium. My only regret is that I did not let him make it three thousand instead of one, as he wanted to do.

"It has been a source of comfort through the years, to have even so small an amount in a safe place. Now we are no longer young, and have decided to buy a little home. This means that we need the small savings the New York Life has been keeping for us these many years . . ."

This is a \$1,000 20 Payment Life policy issued at age 35. Total premiums paid—\$766.80. Present cash value, including dividend deposits, amounts to \$1,146.21. Through all these years the beneficiary has been protected for \$1,000.

A life or endowment policy (but not term insurance) is an Insured Savings Plan with guaranteed values for retirement.



HOME OFFICE BUILDING

NEW YORK LIFE INSURANCE COMPANY

51 MADISON AVENUE
NEW YORK, N. Y.

Institution of Insurance Upheld in Face of Storm

GREAT CONFIDENCE IS SHOWN

Equitable Life of New York Conference
Brought Out Some Salient
Features

At the central department educational conference of the Equitable Life of New York at Toronto there were 750 delegates in attendance. Among the guests were Chief Examiner N. B. Hadley of the New York department and R. Leighton Foster, superintendent of insurance of Ontario. Vice-President W. W. Klingman presided. Vice-President R. D. Murphy in his talk said that the payment by the Equitable of \$149,000,000 to policyholders and beneficiaries during the first eight months of the year is an impressive illustration of the fact that the institution of life insurance in general can be counted upon to contribute to the economic stability in a time of great financial upheaval.

New Human Life Values

Second Vice-President and Associate Actuary D. A. Walker, in his address, "New Human Life Values," asserted that a larger proportion of the population in the next 30 years will be represented by men and women at the older ages than at present and that the problem of old age income will become increasingly important. He stated that in 1850 only 9 percent of the population of the United States was 50 years of age or over, whereas in 1920 the number had increased to 15½ percent. He declared that in the next 30 years probably 27 percent will have reached the half century mark. He said that the average age of death in the United States from 1880 had increased from 26 to 47½ years and that the average age of the living had increased from 25 to 29½ years.

Larger Percentage of Older Persons

He said that the public is sensing the larger proportion of older persons in prospect and is now making preparations to meet the situation so as to enjoy retirement years. He cited the fact that the Equitable in 1921 devised a retirement annuity, which was the first contract of the kind to be issued by any company. The sale of this form alone in agency volume credit during 1930 was 26 percent higher than in 1929. Sales in 1931 showed an increase of 50 percent over 1930. In the first seven months of this year retirement annuities were 46 percent greater than for a similar period a year ago.

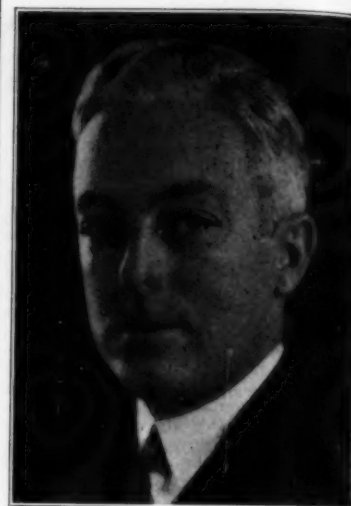
Comment on Group Insurance

Vice-President W. J. Graham stated that 21 years ago the Equitable originated the idea of group life insurance. It has now grown to a point where all companies writing this class are providing 2,000 families with death claim checks each day from this phase of the business alone, representing an aggregate of \$100,000,000 a year in payments to beneficiaries. Mr. Graham said that of the \$104,000,000 of group insurance in the steel industries alone over \$100,000,000 is still in force because many of the workers, although reduced to the minimum of existence, have insisted upon keeping their group insurance alive.

Vice-President L. O. Fisher emphasized the fundamentals which insure the stability and security of life insurance as an institution. "During all the trials and tribulations which have beset the nation in the last 75 years," he said, "life insurance, by its record of performance has merited the complete confidence of the insuring and investing public. Tested in every conceivable way—by fire and sword, by financial panics, epidemics and other upheavals—life insurance has brought untold blessings to mankind."

Second Vice-President Borden stated that the stability and security of life in-

New Secretary



J. J. MORIARTY

Vice-President J. J. Moriarty, who is in charge of the agency department of the Missouri State Life, was elected secretary of the Agency Section of the American Life Convention at Toronto. Mr. Moriarty is a popular man and has had a long experience in insurance work. He is greatly beloved by his friends and everyone connected with the Missouri State Life is for him every day of the week.

Nine Insurance Executives on Home Loan Bank Boards

WASHINGTON, Oct. 13.—Insurance company executives have been appointed to the directorates of nine of the 11 regional home loan banks for which boards of directors have been chosen. Officials of the federal board, it is understood, would have had insurance directors in each district had it not been for state laws, which in some cases prohibit the participation of insurance companies in the banks. It is considered likely that some of the members of each board representing building and loan associations have some connection with insurance.

Life insurance executives on the boards of the various banks are: Fourth district, Julian Price, Greensboro, N. C.; president Jefferson Standard Life; fifth district, C. A. Craig, Nashville, president National Life & Accident; sixth district, Arthur F. Hall, Fort Wayne, Ind., president Lincoln National Life; seventh district, Alfred MacArthur, Chicago, president Central Life of Illinois; eighth district, Col. C. B. Robbins, president Cedar Rapids Life; ninth district, E. H. Bradshaw, of Bradshaw & Hoover, Jackson, Miss.; tenth district, Gen. W. S. Metcalf, Lawrence, Kan., director Liberty Life of Topeka; eleventh district, W. C. Schuppel, Portland, Ore., president Oregon Mutual Life.

Paul L. Haid, president Insurance Executives Association (fire), is on the board of the second district bank at Newark.

Insurance had made its greatest appeal to the public in the last three years and that it is now more firmly entrenched than ever in the estimation of the people.

JUST READY—
"The Use of the Telephone in
Selling Life Insurance"
16-page portfolio, \$1
Insurance R & R Service
Indianapolis, Indiana

Farm Lease Must Be Adjusted Each Year, Report Urges

Most farm leases just happened to develop in their present form, many clauses dating back to colonial days in America and even earlier in English tenancy, the farm lease committee of the Financial Section reported in an elaborate pamphlet of over 60 pages prepared by H. C. M. Case of the department of farm organization and management, University of Illinois at Urbana, Ill., for the American Life Convention.

Relatively little definite work has been done as yet in developing plans for adjusting farm leases to take care of price fluctuations, and undoubtedly more attention will be given such adjustments in the future, particularly in view of the experience of the last few years.

Must Meet Two Conditions

A number of valuable suggestions on making farm leases were given. The farm lease must meet at least two conditions if the farm is to be operated to the satisfaction of both land owner and tenant, he said. First, it must provide for a profitable system of farming, and second, it must provide for a fair division of the farm income between the two parties.

When prices of things the farmer buys or sells change greatly they have a direct affect on the fairness of farm leases. The recent trend in farm leasing has been away from cash leases because a set rental in a given amount of money is apt to be unfair to one of the two parties as a consequence of price variation.

Grain share-cash leases are now most common, but livestock share leases are rapidly growing in favor where the landlord is situated so as to have close supervision over the farm.

Adjustments Should Be Made

In periods of uncertain price levels, cash rentals should be carefully examined and adjustments made in order that fairness may be assured to both parties. Many land owners now agree it is better to find some basis for adjustment and settlement annually than to let the rent stand as an accumulating debt against the tenant. A plan growing in favor is to adjust cash rentals in accordance with the prices of farm products.

Mr. Case suggests the formula used in Iowa: The price of 30 pounds of average hogs, plus three bushels of No. 2 corn, plus 3 pounds of 92-score butter, plus three dozen No. 19 graded fresh eggs at Chicago prices for the month of December.

Fraternal Congresses Are Held at Grand Island, Neb.

GRAND ISLAND, NEB., Oct. 13.—The Nebraska Fraternal Congress, in annual session here, voted to join with the national congress in advertising the achievements and plans for the future of fraternal insurance. Plans to lessen lapsations took up a large part of the discussions. It was pointed out that the fraternal had lost heavily during the depression, in spite of the methods used in providing funds to carry members until they could take care of their assessments, because the idea of insurance was being stressed above fraternalism. Several speakers said that the growth of income insurance with the old line companies tended to prove that the open contract rather than the closed contract was most desirable. Mrs. Frances L. Torkleson of Lincoln was named president; Henry L. Pletcher of Grand Island and Mrs. Fay Dhato of Lincoln, vice-presidents; Mrs. Ida B. Kennedy, Lincoln, secretary-treasurer, and Fenton B. Fleming, Lincoln, na-

tional delegate. The 1933 convention will be held at Omaha.

UNITED WORKMEN HOLD CONGRESS

The annual grand congress of the Ancient Order of United Workmen was held last week at Grand Island, Neb., John McDonald, Winnipeg, being elected president. Other officers are Henry L. Pletcher, Grand Island, vice-president, and J. Frank Fogarty, Seattle, secretary-treasurer. St. Paul is the next meeting place.

There was considerable talk of change of name and merger with some other strong fraternal, but no action was taken and no reference made in the resolutions adopted. Ways and means of building up membership were discussed, it being the opinion that the future of fraternal insurance rests upon reviving the old interest in lodges. Lieut. Governor Graybill of Kansas, in an address on fraternal finances, pointed out the necessity of diversified investments.

Dallas Club Incorporates

The Life Insurance Managers Club of Dallas, Tex., has been incorporated. The incorporators are O. Sam Cummings, Robert M. White and Sam A. Chiles. The Dallas club is the oldest organization of its kind in the state.

Opportune Time to Push Uniform Mortgage Act

An interesting analysis of the uniform real estate mortgage act adopted some time ago by the National Conference of Commissioners on Uniform State Laws was given to the American Life Convention's Financial Section by Edward B. Raub, Jr., associate counsel of the Lafayette Life. He said great present demand for mortgage loans, diversity of state laws on the subject and constant amendments by legislatures, make this an opportune time to push for adoption of the proposed act by the various legislatures.

Illinois Supreme Court Holds Reinsurance Premium Taxable

The Illinois supreme court has denied the Union Central Life a rehearing in its tax appeal case where it claimed double taxation on certain premiums. It objected to being taxed on premiums with no allowance of deduction for rein-

surance. The claim was made that the reinsurance company also paid a tax on the ceded business. The court held that the subject matter was not the same since the reinsurance transaction is separate and distinct from the original one and the court contended that the premium paid for reinsurance is in no way connected with that originally received from the policyholder.

Quarterly Premium Men to Meet

A meeting of the so-called quarterly premium group of accident and health companies will be held at the Edgewater Beach Hotel in Chicago Nov. 1 at 8 p. m. to review the results obtained so far under the agreement adopted by those companies some months ago.

That date was selected because officials of several of the companies interested will be on Chicago that week for the meeting of the Life Agency Officers Association.

Opens San Francisco Office

Dr. C. T. Cutting, well known examiner and claims surgeon, has opened offices in the Mills building in San Francisco. Dr. Cutting is to serve as medical director for the Income Life, now in process of formation, but plans to also maintain his Los Angeles offices.



ORGANIZED SELLING METHODS

have made it possible for the 21% of our Agencies that adopted the Methods 'in toto' to pay for 99.3% as much business for the first 6 months of 1932 as they did in the same period of 1931.

THE MINNESOTA MUTUAL LIFE INSURANCE CO.

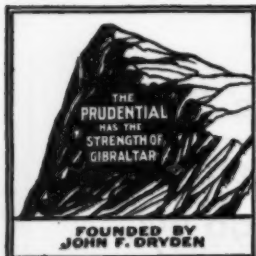
Saint Paul, Minnesota

CONSTANCY

There is no more certain income than that which comes to annuitants of The Prudential on the first day of each month.

No investment problems. A check for an unfailing amount, always on time.

Tell your prospects of this ideal provision for Old Age Independence.



The Prudential Insurance Company of America

EDWARD D. DUFFIELD, President

Home Office - Newark, New Jersey

1871—1932



THE LIFE INSURANCE COMPANY of VIRGINIA

Richmond

Bradford H. Walker
President

Group Loss Experience Is Rising, Cammack Shows

DISABILITY IS BIG FACTOR

Aetna Life Official Reports Results of Study to Actuarial Society of America

Mortality and disability experience for most of the principal group-writing companies was about 5 percent higher for the period 1927-30 than in 1922-26, a paper by E. E. Cammack, vice president and actuary Aetna Life, before the Actuarial Society of America at Ottawa, revealed. In the non-hazardous industries actual claims per \$1,000 increased 12 percent from 1925 to 1931. Nearly one-third of this increase is due to an increasing average age of those insured, the other two-thirds constituting a real increase in mortality and disability rates.

The most remarkable feature of the investigation was the rapid and persistent increase in the rate of permanent total disability. It showed that the rate of disability has increased 128 percent in five years and that it is more than nine times what it was ten years ago. Permanent total disability claims in 1931 in the non-hazardous industries were 43 percent of the death claims below age 60. Mr. Cammack stated that the cost of the benefit seems to depend more on the attitude of the employer and employee, industrial and economic conditions and the interpretation of the courts than it does upon the actual rate of permanent total disability as it has no longer appeared practical to insure this risk, the principal group-writing companies recently discontinued this coverage except for a waiver of premium up to one year or less if the employee's length of service is less.

Table Tests New Policy

Mr. Cammack's paper contained a mortality table based on the experience, with gross premiums calculated upon it for the new form of policy which contains no disability clause, which indicate, he said, that the present gross premiums prescribed by the New York department are safe but not redundant. He pointed out that it is unsafe for a company to extend the feature under which insurance is granted for one year without cost during disability when an employee leaves on account of disability to employees leaving after they have attained age 65. On the subject of group conversions it was found that the cost of conversions is about \$50 per \$1,000. It was pointed out, however, that the experience under group policies issued without disability may be very different and that the elimination of the clause will probably result in increased conversions and a higher rate of mortality under them.

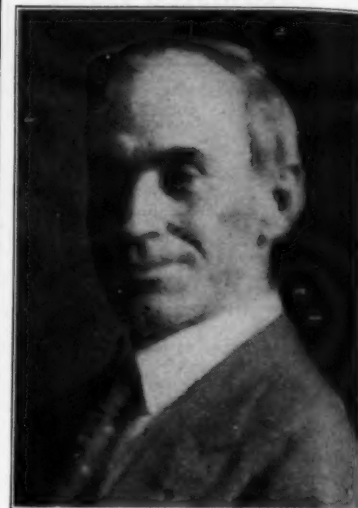
Indications that, on the average, longevity of parents is reflected in the life span of their children were advanced in a paper by Vice-President and Actuary E. W. Marshall of the Provident Mutual Life.

Name General Agents

The United Life & Accident has appointed George A. Neilson as general agent in Boston. A native of Hartford, Mr. Neilson has had 17 years' experience in the life business, starting with the Phoenix Mutual at the home office and later being made agency assistant. He went to Boston in 1923 with the Connecticut General and supervised the brokerage department there for some years.

L. D. Kimball, who has been general agent in Boston, goes to the home office as general agent for the state of New Hampshire. He has been at the home office before as assistant to the president and was formerly secretary of the Boston Life Underwriters Association.

Has a Birthday



WILLIAM J. SHAW

The birthday anniversary of Secretary W. J. Shaw of the American National of Galveston was remembered in a very graphic and impressive way. Telegrams came from all sections containing congratulations and good wishes. Mr. Shaw became connected with the American National 27 years ago and has been continuously in its service. During the last 20 years he has served as supervisor of industrial agencies and secretary. Throughout the organization he is held in high esteem. He possesses a genial personality and has always aimed to be fair and just in his business relationships.

F. W. Ganse Enlarging His Estate Protection Service

Franklin W. Ganse of Boston, one of the leaders in the National Association of Life Underwriters, who is famed for his knowledge of estate affairs, has formed an organization with Walter I. King of Hartford for the continuation and enlargement of the Ganse Estate Protection Service.

Mr. Ganse is chairman of the committee on cooperation with trust officers of the National Association of Life Underwriters, president of the Boston Life Insurance Trust Council and a member of the Boston chamber of commerce committee on taxation. Mr. Ganse also is manager of the estate protection department of the Paul F. Clark agency of the John Hancock Mutual at Boston.

Mr. King is an actuary. He is a fellow of the Actuarial Society of America, of the American Institute of Actuaries and the Casualty Actuarial Society of America. He has also had experience as an insurance executive.

Mr. Ganse states that agents, trust officers and lawyers believe that estate protection service is more and more needed in every estate of substantial size. The shrinkage in estate values on the death of the owner, especially under the present high inheritance taxes, makes it important to give that matter special consideration.

Mr. Ganse declares that in drawing wills and trusts, the attorney and owner of the estate are devoting their main thought to the best possible distribution of the estate among beneficiaries. The important subject of keeping the estate intact as far as possible, by avoiding unnecessary financial shrinkage, is likely to be overlooked.

Mr. Ganse states that the value of practically every estate can be augmented through elimination of unnecessary expenses, and estate and inheritance taxes.

Insurance Commissioners Have Full Program for Texas Meet

DALLAS, Oct. 13.—The complete entertainment and official program for the meeting of the National Convention of Insurance Commissioners has been announced by State Chairman R. B. Cousins, Jr., and Judge Tom L. McCullough, chairman of arrangements for the entertainment of the commissioners in Dallas.

The program follows:

DALLAS MEETING

Monday, Oct. 17

Invocation, Bishop Harry T. Moore.
Welcoming address on behalf of Texas, Governor Ross Sterling.

Welcome address on behalf of Dallas, Mayor Charles E. Turner.

Response, W. A. Tarver, Texas Commissioner.

President's annual address, C. D. Livingston, Michigan.

Secretary's report, Jess G. Read, Oklahoma.

Address: "The Evil of Interlocking Investments and Directorates of Stock Life Insurance Companies, and the Remedy," S. A. Olsness, North Dakota.

Discussions: J. B. Thompson, Missouri; W. H. Bakes, Idaho.

Entire afternoon given over to committee meetings.

Tuesday

Address: "Assets of Insurance Companies," E. Forest Mitchell, California.

Discussion: G. A. Bowles, Virginia; G. D. Riley, Mississippi.

Address: "Are Market Values and Liquidation Values Always the Same?" J. C. Kidd, Indiana.

Discussion: Sam B. King, South Carolina; A. D. Dulaney, Arkansas.

Tuesday, 2 p. m., executive sessions for commissioners only.

GALVESTON MEETING

Wednesday

Guests of Houston and Galveston insurance fraternity.

Thursday Morning

Address: "Insurance Administration as a Public Service," G. S. Van Schaick, New York.

Texas Host



W. A. TARVER

Insurance Commissioner W. A. Tarver of Texas, who is chairman of the board of insurance commissioners and is the life insurance commissioner, will be the chief host at the meeting of the National Convention of Insurance Commissioners in Dallas next Monday and Tuesday and Galveston Wednesday and Thursday. Mr. Tarver is first vice-president of the organization, is a man of renown in his state, is an orator of repute and when the time comes he may be put into the governor's chair.

Discussion: H. J. Mortensen, Wisconsin; W. C. Walsh, Maryland.

Report: C. W. Hobbs, National Convention of Insurance Commissioners representative on National Council of Workmen's Compensation Insurance.

Report of committees.

Miscellaneous and announcements.

Thursday—2 P. M.

Reports of committees.

Election of officers.

Adjourn.

ENTERTAINMENT FEATURES

Monday noon—Ladies will be entertained at style show and bridge luncheon, Dallas Country Club.

7 p. m.—Cabaret dinner dance and entertainment for all commissioners and guests at the Dallas Country Club.

Tuesday noon—Joint luncheon of the Kiwanis Club and Chamber of Commerce. Speaker: G. S. Van Schaick, New York.

Tuesday evening—Commissioners and guests will be entertained at special amateur rodeo and barbecue dinner at state fair grounds.

Leave on special train at midnight.

Wednesday morning—Guests of Houston insurance fraternity, breakfast, Rice Hotel. Entrain for Galveston 10 a. m.

Wednesday afternoon—Entire party will be taken on the U. S. battleship "Saranac" for a trip into the Gulf.

Wednesday evening—Dinner dance at Buccaneer Hotel.

Thursday noon—Luncheon at home office American National Life.

Reports Show There Is Life Business to Be Had

There is life business to be had if a person knows how to get it. Recent reports from the field prove it:

Frank P. Ebertz, San Francisco, general agent National Life of Vermont, reports that he has so far this year submitted approximately \$250,000 more business than during all of 1931.

The first nine months of 1932 the Chester O. Fischer general agency of the Massachusetts Mutual Life in St. Louis recorded an increase of \$281,286 in new business delivered and last year was a record year for this agency, \$9,186,088 in new business having been delivered. The agency recently moved into larger quarters on the entire seventh floor of the Mississippi Valley Trust building.

The Laffer & Irwin Oklahoma City general agency of the Northwestern Mutual Life reports nearly 100 percent increase in new business for September. This increase has been coming gradually for the last three months, with both July and August ahead of the same months last year. October promises to show a nice gain.

W. T. Koop, Minnesota manager of the Kansas City Life, reports an increase of 75 percent in business in June and 50 percent increases in July, August and September. The first week of October business was 50 percent greater than the whole of October, 1931. For the first nine months of 1932, the state has made a 40 percent gain over 1931.

The Equitable Life of Iowa had a total paid-for business of \$5,154,595 in September, the largest volume of any month since April, 1932. The increase was general throughout 29 states.

F. W. Ecker, president Metropolitan Life, has been elected a director of the Western Union Telegraph Company.

National Underwriter Calendars are the best form of insurance advertising! Write for details.



Lincoln National Photo

Untie their hands— give your agents time to solicit new business

MANY regular agents are devoting so much time to keeping in force business that threatens to lapse that they have all too few hours for soliciting new business. Agents are so busy trying to save business in which there is a renewable interest that there is little time to give to cases on which the renewals have expired. As a result new production suffers.

DeBarry & Associates have a tried conservation plan that brings results. It is much different from the ordinary plans. It will enable your producing agents to devote all their time to soliciting new business and yet at the same time it builds complete harmony and coordination between your field forces and our field representatives. In fact the DeBarry plan benefits your agents by restoring renewal commissions, writing new insurance, turning up new prospects as well as serving old policyholders. The plan enables your conservation work to be carried on efficiently and expeditiously without interfering with the regular production of your agents.

Regardless of your method of handling conservation you should inquire about the DeBarry plan. A copy of an interesting conservation prospectus gladly sent Home Office executives on request.

DE BARRY & ASSOCIATES, INC.

Conservation and Reclamation Counselors

222 WEST ADAMS STREET

CHICAGO, ILLINOIS

W. L. MOODY, JR.
President

SHEARN MOODY
Vice-President

W. J. SHAW
Secretary

AMERICAN NATIONAL INSURANCE COMPANY

GALVESTON, TEXAS

INSURANCE IN FORCE \$542,054,101.00

ASSETS 47,681,787.00

SURPLUS 7,278,118.00

ORDINARY

INDUSTRIAL

Operating in 26 States, Cuba, Hawaii, and Porto Rico

A Well Diversified Line of Modern Policy Contracts, including Juvenile Policies, Retirement Income Policies, Salary Savings, and all Types of Annuities, enable our Representatives to render the Insuring Public the Best in Life Insurance Service.

Men of Character and Integrity, desiring a connection with the Ordinary Department, providing Liberal First Year and Renewal Commissions are invited to address inquiries to

Earnest L. Roberts, Vice-President,

AMERICAN NATIONAL INSURANCE CO.

Galveston, Texas

DARWIN P. KINGSLEY

Like a star that constant keeps its course, Darwin P. Kingsley never deviated from that rectitude which should characterize a life insurance commander, whether in the service of the State or as the head of a great Company. To this were joined to a superb degree qualities which exalted leadership demands. His knowledge of the science of life insurance was profound, his acquaintance with finance was comprehensive, his mastery of agency management was notably superior; and the magnetism of his personality captured and held the affection of all who came within its reach.

Financier, economist, social scientist, as well as renowned life insurance executive, Mr. Kingsley's work extended beyond the boundaries of his life insurance vocation into the national field. Highly reputed in literature, his life was culturally embellished.

An example remains that will shine throughout the coming years.

THE PENN MUTUAL LIFE INSURANCE COMPANY

WM. A. LAW, President

Independence Square

PHILADELPHIA

R. F. C. Loans to Seven Life Companies in August

WASHINGTON, Oct. 13.—Ten loans, aggregating \$3,708,700, were authorized to insurance companies by the Reconstruction Finance Corporation in August, it is disclosed by the monthly report of the organization filed with the clerk of the House of Representatives and by him made public, over the corporation's protest. . . The new loans were made at an interest rate of 5½ percent. Seven loans were to life companies and three to casualty.

The report shows that 14 applications for loans were received from insurance companies in August. This does not mean that any were rejected, since some might have been filed so late as not to receive consideration until the following month. Among the sums repaid by borrowers during the month, it was stated, was \$296,009 received from insurance companies.

Companies Named

The loans to life companies authorized in August were: Bankers Life of Nebraska, \$1,000,000, none of which had been taken up to Sept. 21; Philadelphia Life, \$500,000; Columbia Life of Cincinnati, \$350,000; Cedar Rapids Life, \$82,500; Lincoln Reserve of Birmingham, Ala., \$66,200, none of which had been taken up to Sept. 21; Supreme Liberty Life of Chicago, \$60,000, and Pacific States Life of Hollywood, \$50,000, none of which had been taken up to Sept. 21.

Insurance Lawyers Think Judges Need Education

After hearing Tuesday evening the recital of a fraud perpetrated on life insurance companies by a gang of conspirators by Attorney Nathaniel Rubinkam, who represents the Metropolitan Life in Chicago, members of the Chicago Insurance Lawyers Club suggested that the facts of some of these cases be published, together with a statement of what a small proportion of all cases are contested by insurance companies. In the case, recited by Mr. Rubinkam, the court action had been prolonged and there had been many reversals of opinion.

One or two members felt that to publish the facts in the fraud cases and circulate the publication among members of the bar might be interpreted as indirect intimidation of the court.

All members seemed to agree that most judges could stand considerable education in life insurance matters and particularly the attitude of life insurance companies from the loss point of view. Some judges are greatly prejudiced against life insurance companies, feeling that they contest most of the cases and that they won't pay their losses unless forced to do so by the court, one of the members of the Insurance Lawyers' Club asserted.

Offers Educational Course for Home Office Personnel

The Life Office Management Association has done a constructive piece of work. There was presented an educational program for the home office personnel at its recent conference in Philadelphia. This was the culmination of two years of intensive work by a group of officers appointed for this task. The educational committee consisted of H. N. Hamilton, Union Central; C. M. Taylor, Provident Mutual; J. C. Rietz, Midland Mutual; H. H. Allen, Mutual Benefit, and O. D. Newton, London Life. These educational courses are offered for home office employees. F. L. Rowland of the Lincoln National Life, secretary of the association in commenting on this movement said:

"We believe this movement to be a

highly significant step in the development of home office administrative activities. Heretofore, academic and vocational training of personnel in life companies in this country has been almost entirely limited to actuaries and field underwriters. This course, sponsored by the Life Office Management Association institute will afford a program for the rank and file of home office workers covering a period of approximately three years. A definite recognition for the successful completion of each of the three parts of the course will be made and a Life Office Management Association institute degree will be granted upon completion of the final examination."

Prudential Anniversary Luncheon

NEW YORK, Oct. 13.—More than 400 guests attended the buffet luncheon given today by the Prudential at its home office in Newark to celebrate its 57th anniversary. Those present included state and United States Senators, prominent business men, doctors, clergymen, also many executives of other insurance companies, both in the life and fire and casualty field.

The guests were received by President E. D. Duffield and other officials of the company in the assembly room. As has been the custom since the first of these luncheons in 1925, there were no speeches and the affair was the occasion of renewing old acquaintanceships and the forming of new ones.

Shugg Heads St. Louis Group

ST. LOUIS, Oct. 13.—A. P. Shugg, general agent Aetna Life, has been elected president of the General Agents & Managers Association of St. Louis. Other officers are: John P. Crowley, Pacific Mutual Life, vice-president, and Ray W. Martin, secretary-treasurer. Directors are: Chester O. Fischer, Massachusetts Mutual Life; Fred T. Rench, National Life of Vermont, and Clifford E. Espenschied, State Mutual Life.

Stevenson's "Living Trusts—Including Life Insurance Trusts" is recommended for "C. L. U." study and can be obtained from The National Underwriter. \$3.75.

Makes Big Hit



MERLE THORPE

Merle Thorpe of Washington, D. C., editor of "Nation's Business," published under the auspices of the United States Chamber of Commerce, made a big hit in his talk before the American Life Convention at Toronto. Mr. Thorpe, a pleasing speaker, is full of the spirit of the subject that he is presenting. He is much interested in getting federal expenses cut down and a lot of the superfluous work done by the federal bureaus eliminated.

Complete Understanding of Suicide Not Yet Reached

(CONTINUED FROM PAGE 1)

emotionally than the average, the report says.

Sometimes economic pressure is the determining cause; sometimes it is some problem of personal conflict or an inharmonious relationship with family or friends that they cannot solve. In other words, the report says that attention must be paid to the type of personality which is found associated with suicide rather than to place the entire emphasis upon purely external and material factors. More important than salvaging those who have already broken down is the development of a wholesome mental attitude on part of the whole people, the report observed. It is more and more the obligation of the community to develop plans to control those forces which disintegrate personality and to build up those constructive attitudes which make for wholesome, happy and contented citizens, the statisticians observe.

The report of the Metropolitan Life shows that nearly 50 percent of all non-fatal accidents arise out of activities in public places. Pedestrians on streets were shown to be the principal victims of these accidents. The next largest number were accidents incurred in the course of transportation. These two types accounted for eight out of every ten of the injuries received in public places.

The automobile is the outstanding hazard in public places, producing more non-fatal injuries than any other means. It is responsible for 36 percent of pedestrian accidents, and 86 percent of transportation accidents.

In speaking of the health record the Metropolitan states that for the eight months the general mortality rate among industrial policyholders has been at the lowest figure ever registered for a similar period.

Heart disease continues to be the leading cause of death among policyholders. Cancer comes next, numerically. For each of these conditions, mortality has increased since last year; heart disease, 3.8 percent, and cancer, 8.9 percent. Tuberculosis is the third important cause of death. The mortality rate, however, has been declining for many years and is at a lower rate now than ever. In addition to the slight increase in heart disease and the more significant increase in cancer, increases of greater or less magnitude are recorded for diabetes, cerebral hemorrhage, Bright's disease and suicide.

Insurable Interest Treated in Paper by Eric Collins

(CONTINUED FROM PAGE 5)

the names, ages and addresses of those that did survive. Then there is the possibility that one or more of the children will be minors and that it will be necessary to secure the appointment of a guardian before settlement can be made. Mr. Collins said it would be more satisfactory to designate only existing children, naming them specifically, and including after born children by means of subsequent change.

Similar difficulties, he said, are encountered in designating a creditor, particularly where the policy reserves the right to the insured to make subsequent changes of beneficiary without reference to or the consent of the current beneficiary. Under these circumstances the insurer, he said, must either ignore the rights of the creditor or deny the insured the right to change what is reserved to him in the contract. Where the creditor is named, he may ordinarily recover the full amount where it appears that it was the insured's intention to make a gift of the proceeds. Otherwise, Mr. Collins said, a creditor is entitled only to reimbursement for the

debts together with such sums as may have been advanced on behalf of the policies and must account for the balance of the proceeds to the legal representative of the insured.

Always a Vested Interest

The interest taken by the beneficiary, according to Mr. Collins, is always a vested interest unless the right is expressly reserved to the insured to make subsequent changes of beneficiary. Once a vested interest has been acquired by the beneficiary that interest cannot be destroyed without the beneficiary's consent except by a destruction of the insured's interest.

Where the contract reserves the right to the insured to change beneficiary, the beneficiary merely has an expectancy of receiving the proceeds and a contingent interest. The beneficiary is not entitled to notice from the insurer that a change has been made, even where the beneficiary has voluntarily been paying premiums. However, where a beneficiary has been paying premiums under such circumstances as would be sufficient to create a vested interest, the beneficiary's consent would be necessary before a change could be completed. Likewise a specific right to change beneficiary cannot be enforced where the policy was taken out for the express purpose of protecting a creditor.

Conservation Methods and Rewriting Plans Reviewed

(CONTINUED FROM PAGE 5)

commission and a renewal commission of four-fifths of the contract rate.

This office does not believe that the practice recently adopted by some companies of reissuing policies for the net amount at risk at the attained age without medical examination is a sound practice, but that on the contrary it involves an element of discrimination against the interests of the 70 percent of the company's outstanding policies which are free from indebtedness.

In the early days of life insurance it was generally believed that the adoption of guaranteed cash values would drain away the select risks and leave the company with a predominance of impaired risks. Experience has shown that the exact opposite result came from the practice of guaranteed values, because of the fact that guaranteed cash values proved to be a greater temptation to the weaker risks than to the select class. We therefore have to consider the paradox that free cash values have had a favorable effect on vitality.

The proposal to rewrite policies for the net amount at risk without examination will, if extensively practiced, interfere with the operation of the force above outlined. There are several other objections. For example, while the policy loans repaid in cash are disappointingly infrequent, yet there is a very substantial flow of such repayment. I do not believe that under the reissue practice, replacements will ever occur. Furthermore, the expense of such reissues will be a very material factor. I have before me a case of a policy which continued in force fifteen and one-half years, and during that period the insured made 20 separate policy loans.

* * *

Manhattan Life: Over a year ago we notified our general agents that, in cases where it appeared that the policyholder would not renew because of inability to carry the policy, due to the indebtedness against it, we would, in certain cases, authorize payment of full first year and renewal commissions upon the submission of the facts and the securing of our approval—otherwise, renewal commissions only would be paid, with the exception of that part of the premium on the new policy which exceeds the premium on the old policy, on which portion first year commissions would be paid. Replacement business should not carry commissions other than on a renewal basis.

Undoubtedly, a number of our policies

Promises Are Easy . . . Performances, Difficult

Public confidence is a fragile jewel.

For more than a quarter of a century The Midland Mutual Life Insurance Company has been building public confidence on the firm foundation of never making a promise that could not be fulfilled.

This public confidence is reflected in the strong financial position that this company holds in the life insurance world.

THE MIDLAND MUTUAL LIFE INSURANCE CO.

Columbus, Ohio

"Its Performances Exceed Its Promises"



SALESMANSHIP

Select Policies which can be
Profitably Sold to the
largest number of people

Our commissions are liberal and our Special policies meet the needs of life insurance buyers of today.

If you are interested in a permanent connection in Ohio or New York, it will pay you to investigate.

JOHN M. HULL,
President

FRANK F. EHLEN,
Director of Agencies

BUFFALO MUTUAL LIFE INSURANCE COMPANY

Founded 1872

452 Delaware Ave.

Buffalo, N. Y.

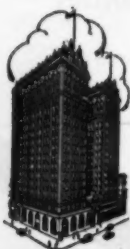
The Road Ahead

The success ahead of a life insurance salesman depends upon five definite things—

1. Himself
2. His field
3. His policy contracts
4. His contract
5. His company

All of these are equally important. If all are good, success can be predetermined.

To the man who possesses the right qualifications, we will supply the other requisites of the right field, the right policies, the right contract, with the right Company.



Home Office

●For information address:
A. R. Perkins, Agency Manager

JEFFERSON STANDARD LIFE INSURANCE COMPANY

JULIAN PRICE, President

Greensboro, North Carolina

with indebtedness are being rewritten in other companies—and probably some of the business we are getting represents replacement of business from other companies. Whenever this latter condition is brought to our attention, we always notify the other company, so as to give them every opportunity to conserve their business.

Joint Advertising and Sales Effort Ideal Combination

There was a time when advertising practically throughout general business was conducted as a thing apart from selling but today the need for coordination has brought advertising into close relation with sales, sometimes so close that both advertising and selling are supervised by one executive, K. R. Miller of the Life Insurance Sales Research Bureau of Hartford told the life group in the New York meeting of the Insurance Advertising Conference.

Panics, Cash Values Eyed in President Linton's Talk

(CONTINUED FROM PAGE 1)

does it will be the first decline since the '70s for a large group of comparable companies.

Assets Have Increased

Mr. Linton said that in the present depression the assets reported by the companies have shown a steady increase. However, that includes the increase in policy loans which in many companies has been greater than in the increase in total assets. In these cases there has been an actual decline in the assets in the other classifications, he pointed out.

Admitted assets, other than policy loans and premium notes, of 40 companies reporting monthly to the Association of Life Insurance Presidents, he said, increased steadily until the end of last February. Then there was a halt and three of the succeeding six months registered increases and three decreases. At the end of July a net decrease of one-quarter of 1 percent had taken place. "Adequate cash," he said, "was of course available to meet this decrease many times over."

Mr. Linton devoted much attention to surrender charges. When the depression speeded termination rates, he pointed out, companies began to feel the drain from early year surrenders where the charges were inadequate to cover unliquidated acquisition cost. The lesson is being heeded, he said, and the tendency is already in the direction of increased surrender charges during the first ten policy years. Many believe, he said, that surrender values are too large even in the later years and he expressed the opinion that there may be a tendency to extend surrender charges to the later policy years where at present the cash value is the full reserve.

Agency Department Resists

Agency departments will resist any such change, he pointed out. In deciding upon a course of action a mutual company must choose between the classes of its policyholders it will favor—the choice being between those who have been with the company for a short time only or the persistent policyholders. The question involves deciding where a substantial cash sum shall be allocated, he said.

In years of heavy termination, according to Mr. Linton, a difference in surrender charges means a large sum which if not paid out to withdrawing policyholders is available to maintain dividends or to lessen the effect of a dividend reduction. He asked whether the persistent policyholders do not merit the most consideration.

Unduly large cash values in the early policy years increase the difficulties of combating substitution, he said. On the outgoing policies they provide a sub-

stantial fund upon which the hypothetical rate of interest is to be earned and the high cash values of the new policy enable the equity to be built up again with considerable rapidity. Again the higher the cash value the smaller the net amount at risk and the smaller the necessary outlay for the replacement insurance. On the other hand, he pointed out, proper cash values have corresponding effects operating in the direction of conservation.

Cash Value Consciousness

Companies with unusually high cash values in the early years are likely to develop a class of agents who become cash value conscious and direct policyholders' attention unduly to the facilities of the policy which when availed of defeat the larger purposes for which the insurance is taken, Mr. Linton declared.

Another bad effect of high cash values in early years is that policyholders are able to carry a policy for several years with but little cash outlay, by paying the first premium or two and borrowing the maximum amount each year for several years. In times of stress, he said, policies that have been sustained by this borrowing method show a highly abnormal rate of termination.

In the last three years companies have been forced to forego exceptional opportunities for making exceedingly profitable investments, Mr. Linton declared, although if the life companies had had the funds to sustain the market more than they did, the opportunities would not have been so pronounced. Even after the turn has occurred, he said, there may be borrowing on policies to get into the market, still further curtailing the opportunities for profitable investments. The presence of guaranteed cash and loan values, he said, reduces earnings and from that point of view would justify a surrender charge throughout the life of the policy.

Lower Net Cost

The decision as to what is best must be determined on the basis of broad policy, he declared. Is a somewhat lower net cost to be preferred to a higher scale of surrender values? He suggested that it would be better to take carefully planned precautions to meet the cash drain in times of emergency and then to bear the added cost of that procedure. He said he would not discourage adequate surrender charges in the first 10 or 15 policy years. He expressed opposition to surrender charges in the later years when the obligation of the company to its policyholders is greatest.

Mr. Linton said that suggestions have been made that cash values should be subject to a larger surrender charge than in the case of amounts applied to purchase extended term or paid up insurance. This would be a continual irritant in the relation between policyholder and company, he said. Severe competition among companies would inevitably develop and legislation would be necessary.

Mr. Linton said that the present emergency has demonstrated the inefficiency of deferring periods for cash and loan values. Deferring clause, he said, of 60 days to six months would only provide a breathing spell and by putting it into effect a run might be started. The pile of applications would grow rapidly and demand attention at the end of the period.

Heavily Loaned Insurance

Mr. Linton discussed the treatment of heavily loaned insurance. In one company, he said, 33 percent of the outstanding insurance with available loan values is encumbered and in another company the ratio is 42 percent.

Companies are wondering, he declared, whether it is sound policy to permit rewriting fully loaned business for the net amount on the same plan without evidence of insurability. They are concerned about what commission should be paid on the new insurance. If a commission adjustment rule is adopted,

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they are wondering what practical step can be taken to prevent nullification by the taking of the business to another company. A problem arises, if the substitution becomes known after the commission has been paid on the new insurance, what may be the practical result of attempting to recall the commission.

These questions, Mr. Linton said, are among the most difficult in the business today. Great wisdom and clear vision are needed. The executives must solve the problem of getting a proper balance between the rights of the policyholder and of the agent.

Experience seems to prove that new business replacing heavily loaned insurance has a high termination rate, he said. The policyholder has been in financial difficulty and finds it hard to maintain premium payments on new insurance. This poor quality, he said, is one of the valid reasons for paying less than the regular commissions upon replacement insurance.

Run on Reserves

Many feel that such a plan of rewriting might possibly lead to a run on accumulated reserves which have been of great value to the economic growth of the country invested in railroad and public utility securities, mortgage loans on farms, residences and urban business properties.

Since current heavy rates of individual income tax will drive more and more of the investments of individuals into tax exempt securities, the function of life insurance reserves in supplying corporations and individuals with needed capital for constructive enterprise will be rendered all the more important.

Many changes made by policyholders in taking new replacement insurance are not to their advantage, he said. The interest on the policy loans is a deduction in computing taxable income and this often under the new law, offsets assumed gain in taking new insurance for the net amount at the attained age. Under the new policy, the assured goes through a period of higher surrender charges so that his net cost, taking cash values into account, is likely to be increased for several years. Although his mind may rest more easily if he cleans the slate and starts free of loans, that may be a purely subjective reaction, he said.

There has been from time to time criticism of charging 6 percent on policy loans. Mr. Linton said that the life insurance reserve is properly an emergency fund and not a source of credit whenever money is needed. Insurance cash value is not intended to supplant regular credit channels for normal credit needs. If the rate of interest on policy loans were made low there would be a strong tendency to use them as a means of raising money that should be supplied by other agencies. This would enforce a higher degree of liquidity upon the companies, lower their interest rate and raise the cost of insurance. Six percent, he declared, is as low a rate as should be charged.

"As we stress the investment and emergency cash value appeals in the sale of life insurance," Mr. Linton concluded, "we assume an obligation to prepare adequately to meet possible demands in time of stress without endangering the security of the institution. There is no place in the business for a speculative attitude toward providing in advance against emergencies that can be foreseen."

Replacement Plan Causing Concern

(CONTINUED FROM PAGE 1)

become completely demoralized and it would be necessary to recast agency organizations. He declared that the conditions in the field were very disturbing.

Vice-president Jones said that the experience of the 53 companies cooperat-

ing to reduce unethical practices in replacement has been highly successful. These companies had maintained the spirit as well as the letter of the agreement. He said that no complaint had been filed against a company in this group for failure to live up to the pact.

The rewriting of policies on which loans have been made has been the subject of controversy since the stock market crash. Theretofore, the subject did not engross attention because there was no special need for rewriting. The work was confined largely to professional twisters. However, in the last three years, loans galore have been made. It has been difficult to train agents to give policyholders accurate advice as to what to do. In many cases if a loan is made, without further consideration the policyholder is advised to take out new insurance. It has been found in some cases that general agents have been trading names of policyholders where heavy loans were made so that new insurance could be written in their respective companies.

Reserves Being Impaired

The speakers at Toronto brought out the fact that the reserves of life insurance were being greatly impaired by this practice and the legal reserve system was being discredited. In thousands of cases, the speaker stated, the assured was being injured in his life insurance program and his whole plan disturbed because the agents did not give the right kind of advice.

Many companies would not allow commissions on rewritten business while others have felt there were cases where business should be readjusted and hence allowed the manager or general agent to decide whether the case was a proper one for adjustment. Then a lesser commission would be paid than if the applicants were seeking a new policy. It was found that in numerous instances if a readjustment were not made or the policyholder not sought out and conferred with as to his insurance an agent of some other company would make the approach to the policyholder and in plausible argument induce him to make the change.

Canadian Cooperation Stronger

The Canadian companies have cooperated even more effectively than those of the United States in the effort to minimize any injustice in replacement. For instance, Assistant General Manager Ramsay of the Canada Life read a paragraph that has been added to the usual question in the application blank of that company seeking to know whether the new insurance being applied for was to take the place of that of any other insurance. The added paragraph brought out more clearly just what was in the applicant's mind and whether he had been approached by an agent of another company and given erroneous information. Mr. Ramsay said that if there were any doubt, two weeks were allowed to elapse so that it could save the business if possible.

A number of additional companies announced at Toronto that they would enter the group of 53 and do all in their power to stop the onrushing tide of switching business.

Got a Taste of Blood

It is realized that a number of agents have gotten a taste of blood in readjusting policies of their own clients. In many cases these agents find it very difficult to make both ends meet. Business is difficult to get and the line of least resistance seems to be to approach policyholders that have had loans. Having been successful with their own clients they have extended their activities to other policyholders.

The companies acting in unison hold that if an adjustment of one's insurance is necessary, and sometimes it is very desirable, it should be done in the original company as the assured has already paid his acquisition cost. His equities can be better preserved and his program be more wisely conserved in the company in which his loan was made.

A STRAIGHT LINE

is the Shortest Distance
between two points



Men who represent the Great Southern have a contract direct with the home office.

This is an important advantage in their favor. It means closer contact with those who are most vitally interested in you. It means direct home office cooperation and assistance. It means that your individual problems receive the attention of Home Office executives who are men trained by experience in the field.

In addition to this advantage a Great Southern contract provides liberal first year and exceptionally large renewal commissions. We will be glad to furnish you the complete story. A card or letter to the home office will get an immediate answer.

GREAT SOUTHERN LIFE INSURANCE COMPANY

E. P. GREENWOOD - PRESIDENT
HOUSTON TEXAS.

THE NATIONAL UNDERWRITER

LIFE INSURANCE EDITION

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The Scholar in Life Insurance

WE have not had in the life insurance field a man of greater culture, wider vision, more extended observation or keener thinking than DARWIN P. KINGSLEY, chairman of the board of the NEW YORK LIFE, whose death was announced last week. Mr. KINGSLEY's utterances and pronouncements either before life insurance men or in the form of contributions to the literature of the business have always been classics.

He was well grounded in his reading and psychological processes. He learned to think clearly. His range of reading was wide. He had a prophetic faculty. He reached his conclusions through logical steps. He was not a mere dilettante. There was a profundity to his thoughts. He penetrated into the bowels of his subject. He may have lacked at times in magnetism but he had superior endowments and gifts that made him a leader.

Mr. KINGSLEY came into life insurance work through the field. He had been state auditor and superintendent of insurance for Colorado and at the close of his term of office he joined the NEW YORK LIFE as inspector of agencies in the east. Most of his

associations in his earlier days were out on the firing line. Therefore he always had a fine sympathy for the men in the ranks. As he grew in grace and power he became more learned and took a wider and wider view of business, living and the inter relationships of mankind. The men who carried the rate book always felt they had a sympathetic friend in DARWIN KINGSLEY.

Regardless of the fact that he necessarily had to remove himself from many of the activities because of the demands on his time, his heart was with the boys. It was that human sentiment deeply imbedded in his heart that endeared him to the NEW YORK LIFE organization, both in the head office and field. It was that glow of the heart, that expression of affection for his fellows and the recognition of the difficulties that beset men all along the line that made his counsel headed.

DARWIN KINGSLEY was one of the really great life insurance generals of our day. He towered high in the ranks. He has left a heritage, not only to life insurance but to the thinking world that is worth while.

Building Up Smaller Policies

WHILE during the last decade we have run very largely to big life insurance policies and agents have sought men of income sufficient to purchase extensive amounts, there is a trend very decidedly toward what might be termed smaller or moderate policies. The EQUITABLE LIFE of New York in its house organ warns agents against acquiring the big policy complex in selling, as the company terms it.

With the large amount of insurance in force the great volume is made up of policies for less size than \$10,000. Many of the great writers of business do not

eschew the people who cannot pay for large amounts. They endeavor to seek the small policyholders with the larger ones. A business clientele built up of smaller policyholders gives one a far greater satisfaction than a few big policyholders. When a large policyholder dies or lapses it leaves a big hole in one's volume. A large number of smaller policyholders means greater permanency and persistency. Agents that are working on a renewal basis recognize the value of cultivating the man who can only purchase a moderate amount.

PERSONAL SIDE OF BUSINESS

Marriage of Mrs. Billie Beall of Dallas and Rex B. Magee, advertising manager of the Lamar Life, in Jackson, Miss., has been announced. They were married quietly in the home of Albert E. Babbitt, actuary of the Lamar Life, with Judge A. C. Walthall, former newspaper co-worker with Mr. Magee, officiating. Mr. Magee was the last bachelor of the official family of the Lamar Life.

The late T. G. McConkey of Toronto, general manager of the Canada Life, attended meetings of the American Life Convention before his company joined. He was a great friend of company officials in the organization. He was at its Detroit meeting a few years and with Insurance Superintendent R. Leighton Foster of Ontario extended an invitation for the annual meeting to be held in Toronto. Unfortunately the American Life Convention did not meet in Toronto during Mr. McConkey's lifetime. The Canada Life joined the American life Convention as did three other Canadian companies. At the Toronto meeting two more joined. As a mark of respect to Mr. McConkey the officers and executive committee sent Mrs. McConkey, who lives in Toronto, a beautiful bouquet of flowers together with greetings and best wishes.

Robert H. Ruffner was feted by the management of the Knights Life of Pittsburgh and the agency force of the Altoona district on the occasion of his completion of 15 years with the company. He is dean of the district superintendents of that company.

William C. Ley, superintendent of agencies, was toastmaster. Joseph Reiman, president of the Knights Life, paid tribute to Mr. Ruffner and sketched the history of the company. He presented Mr. Ruffner with an emblem.

Among those on hand were three assistant superintendents: S. J. Baronner, P. J. McDermott and Charles Glasser.

Ernest W. Owen, Detroit manager of the Sun Life of Canada, last week celebrated the 25th anniversary of his connection with the Sun. Mr. Owen has long been prominent in organization work. He was secretary of the National Association of Life Underwriters in 1928 and 1929, was a member of the trustees and is still a member of the executive committee. He has occupied all the chairs in the Life Underwriters Association of Detroit and is one of the prime movers in the Associated Life General Agents & Managers of Detroit. He is a great inspirational speaker, having been termed the Billy Sunday of life insurance.

C. A. Macauley, Michigan state agent of the John Hancock Mutual Life and past president of the Associated Life General Agents & Managers of Detroit, was elected a director of the Detroit Better Business Bureau at the annual meeting. This is the first time in the history of the bureau that a life insurance man has been so honored. While president of the association Mr. Macauley was instrumental in forming the life insurance division of the Better Business Bureau, and now as chairman of the business practice committee deals with the bureau in matters of unethical practice among life underwriters in Detroit.

A. H. Sherer, one of the pioneer general agents of the Midland Mutual Life of Columbus, O., died at his home at Dayton, O., at the age of 73. He retired from active work last year after having been connected with the Midland Mutual practically from its inception. His first policy written in the company bears the number 85. He was a graduate of the University of Indiana and

was an educator before entering the life insurance business. At one time he was superintendent of schools in Oxford, O. His funeral was attended by a number of home office officials of the Midland Mutual.

Ben I. Rapport of Chicago, president of the Old Republic Credit Life, gave an address before the Pennsylvania Association of Industrial Loan Companies on "The Present Trend of Industrial Banking." Mr. Rapport has given much attention to this phase of the business in connection with his life insurance work.

Several hundred persons attended a barbecue given the last of the week for E. T. Long, 70, oldest living full time representative of Protective Life of Birmingham. Mr. Long has been with the company 25 years most of the time as south Alabama agency manager. He joined the company soon after its founding in 1907. Among those attending the party were President Clabaugh of the company, many policyholders signed up by Mr. Long, and other company officials.

Bibliophiles from all parts of the country journeyed to San Francisco the past month to view the splendid exhibition of personal relics, manuscripts, letters, first editions and portraits of Sir Walter Scott under the auspices of the Literary Anniversary Club of that city. F. W. Heron, Pacific Coast supervisor of the Fidelity Mutual Life for many years and at present one of the organizers of the Income Life, who has numerous Scott treasures, was the founder of the club and is one of its most enthusiastic and prominent members. Among the relics displayed from Mr. Heron's collection was a pair of Scott's boots, showing the built-up heel necessitated by his crippled leg. Mr. Heron's reputation as a bibliophile is international and he owns some of the finest volumes extant.

Recently Mr. Heron presented a fine collection of Ruskin first editions, comprising nearly 50 volumes, to the library at Mills College. Mr. Heron was for many years a designer and engraver. At that time he was a close student of Ruskin and his collection of the major works, containing all of the plates as originally issued, was one of the foundations stones of his study of design. This was Mr. Heron's second contribution to the Bender Library at Mills College.

Henry E. Belden, agency supervisor of the New Orleans general agency of the Union Central, is now completely recovered from his recent illness, and he is now at his fishing camp. Mr. Belden expects to be back in his office in a few weeks.

V. D. Cliff, president of the Federal Life & Casualty of Detroit, is in San Francisco for the purpose of appointing a successor to the late W. H. Salway, general agent for the company in the Pacific Coast territory.

B. J. Stookey, secretary of the Illinois Life, met with a very serious accident as he was going from the railroad station at Hinsdale, Ill., to his car one evening last week, accompanied by his daughter. His daughter met him at the station with their motor. They were crossing the park, which is landscaped at the railroad station, and through which runs a creek with the banks walled with stones. Mr. Stookey fell as he was walking by the creek, his head striking the stone bank, resulting in a base fracture of the skull, also breaking his pelvic bone. He was taken to the Hinsdale sanitarium where he will be

confined for some six weeks. He was unconscious for four or five days. Mr. Stookey is a veteran in the Illinois Life, having entered its service in June, 1899, as assistant secretary and was appointed secretary in 1925.

Thomas Farris, who represents the Missouri State Life in St. Louis, was featured by Ripley Tuesday of this week in his "Believe It Or Not" sketch, as having written one or more life insurance applications each day for the past 20 years. Without being unjust to Mr. Farris, life insurance men are inclined to believe that Ripley made the mistake of using "day" instead of "week" in the feature.

Mr. Farris has long been one of the big producers of the country, but it seems reasonable that if he had been producing at the rate of one a day for many years, his accomplishments would have been heralded wide and far in the life insurance world long before this.

President Clarence L. Ayres of the American Life of Detroit is one of the early morning risers. He always awakes at 5 a. m. and gets up immediately. He

reaches his office before anyone else, unlocks the door, gets at his hang-over mail and then when the new mail is distributed picks out what he feels will be of special interest to him. Thus when his secretary arrives he has done a quarter day's work. Mr. Ayres, like a number of successful men guiding the destiny of important enterprises, was born and raised on a farm. He, therefore, in his boyhood days was forced to get up at 4 o'clock in the morning and do chores. He has always kept up the early rising habit. Maybe that has had something to do with his success.

Frank A. McDevitt, Omaha manager Guardian Life, is father of triplets, two girls and a boy, which brings his family total to one boy and six girls.

Lee C. Newhouse, 60, Prudential assistant superintendent at New Albany, Ind., died Oct. 8 after an illness of three months.

W. J. Bryden, secretary-general manager, Victory Life of Kansas, has returned to his home from the hospital following the removal of his tonsils.

NEWS OF THE COMPANIES

Take Over Bankers Security

Billheimer Holding Company to Operate Kansas City Carrier—Adopt Active Expansion Program

KANSAS CITY, MO., Oct. 13.—The Midwestern Holding Corporation, headed by W. E. Billheimer, well known insurance man, has taken over the Bankers Security Mutual Life, which was organized here in 1930 under the stipulated premium laws of Missouri. No changes in the policy of the company are contemplated, except that an expansion program already is being carried out under the direction of Mr. Billheimer. The same name will be retained.

New Official Lineup

New directors and officers have been elected, being the same official lineup as the Midwestern Holding Corporation, with Mr. Billheimer as president; C. H. Curtis, president H. C. Leipsner & Co., vice-president; Dr. P. L. Jones, vice-president and medical director, and G. G. Riggan, capitalist, secretary-treasurer. Directors are Noah Crooks, formerly internal revenue collector here; Andrew Gustafson, hardware dealer; M. H. McKean, dean Unity School of Christianity. Dr. E. L. Mathias is consulting medical director, and Maurice H. Winger is general counsel.

A complete new line of standard ordinary life policies has been prepared under the supervision of Haight & Haight, consulting actuaries, including a special ready cash policy originated by Mr. Billheimer, which provides for \$350 natural death benefits and \$500 accidental death benefits.

The Midwestern corporation is negotiating at the present time for the acquisition of several small life companies, according to Mr. Billheimer.

Bankers Life September Business

September paid-for business of the Bankers Life of Des Moines totalled \$5,444,060, which was the largest September total in the past four years. The month's production showed an increase of more than 10 percent over the aggregate for September of last year.

New Oklahoma Company

OKLAHOMA CITY, Oct. 13.—The American Life has been organized and approved by the state insurance board, with C. E. Lowry president; Weldon Crawford, vice-president; Hal Norwood, secretary-treasurer; D. R. McClurg, actuary, and M. A. Crawford, director.

Modern Life Suit Settled

Company Eliminates Kay Todd, Its Former President, From All Connection With It

A stipulation settling the suit started by the Modern Life of St. Paul against Kay Todd, its former president and general counsel, was filed in the district court at St. Paul. Company officials said that Mr. Todd has settled all liability to the company. He has disposed of his interests and retired as a director. The settlement was in the neighborhood of \$35,000 and included 1,175 shares of stock, which were turned back and immediately retired by the board, Vice-President M. A. Nation announced.

The company had sued Mr. Todd for \$60,000, alleging he had fraudulently collected the sum as commissions and legal fees. Recently Judge Walsh awarded the company limited damages.

Walter Fosnes, a partner in Mr. Todd's legal firm, has also resigned from the board. N. J. Holmberg is chairman of the board; J. A. Schmahl, president; M. A. Nation, vice-president and secretary; Oscar Hallam, treasurer and general counsel, W. A. Kuefner, actuary.

Bankers National Celebrates

President Lounsbury Congratulates Home Office and Field Staff on Showing in Five Years

JERSEY CITY, N. J., Oct. 13.—The Bankers National Life of Jersey City last week celebrated its fifth anniversary, rounding out a period of steady progress and expansion. President R. R. Lounsbury received numerous congratulatory messages on the fine record of the company, which has attained high standing.

In an address to members of the home office staff Mr. Lounsbury urged a "Five Year Plan" for the company.

"Now that we have completed the first five years with a record of more than \$60,000,000 written," Mr. Lounsbury said, "let us turn our faces toward the next five years. Let's have a five year plan of our own. Let's set the goal at \$200,000,000 by Oct. 5, 1937."

Mr. Lounsbury expressed his appreciation of the cooperation of staff and field force and predicted an even greater era in life insurance because of the record made during the stress of the past few years and a growing appreciation of the value of insurance by the American people.

W. J. Sieger, superintendent of agents,

October—5th Anniversary Month

FOR the Bankers National Life Insurance Company, October 5, 1932, marks another mile post in a record of spectacular development and sound growth.

That the Company has attained within the short space of five years its present standing among life insurance companies is a record worthy of mention. That this remarkable growth has been of a healthy nature is evidenced by the fact that out of 321 companies listed in Best's 1932 "Life Rating Chart," Bankers National Life has the distinction of being the youngest among those given the highest rating of "A" (Excellent). There is no speculation about a Bankers National policy—it can be sold with confidence—it can be bought with certainty.

This solid, fast-growing organization offers exceptional opportunity to live-wire agents—write to

BANKERS NATIONAL LIFE INS. CO.

910 Bergen Avenue

JERSEY CITY, NEW JERSEY

R. R. Lounsbury
President

Wm. J. Sieger
Superintendent of Agencies

Managers Wanted for

INDIANAPOLIS

SOUTH BEND

LANSING

SOME OTHER TERRITORY AVAILABLE

An Unusual Contract for an Unusual Organizer
COMPANY HAS

REDUCED PREMIUM RATES
NEW POLICY EQUIPMENT
DISABILITY BENEFITS
ACCIDENT and HEALTH EQUIPMENT

All a Part of a New Aggressive Development Program

If Interested and Qualified for a Real Manager's Contract with Real Opportunity

WRITE

THE

Ohio State Life Insurance Company

COLUMBUS, OHIO

U. S. BRANDT
President

F. L. BARNES
Agency Vice-President

reported that in the New England and Pennsylvania field, which he recently visited, he found conditions had improved greatly in the last few months. He spoke of the increased production of the field force and said that "if they keep up the pace they have been setting for the last six weeks the remainder of the year is certainly going to show something new in the way of production records."

Organize Trans-Pacific Life

The Trans-Pacific Life is being organized at Los Angeles by Robert H. Parker, formerly with the Union Automobile, who later promoted the Shanghai Life, serving as its president. The Shanghai Life was later sold to the Sun Life and Mr. Parker returned to the United States. It is understood that following organization of the Trans-Pacific Life, which is to have among its stockholders some of the more prominent Chinese of California, it will be taken to China. Authorized capital of the company is 50,000 shares at a par value of \$25 per share. Present plans are to write life, accident and health. Officers of the company, in addition to Mr. Parker, who is to be president and chairman of the board, are John H. Valentine, formerly agency manager of the National Guarantee Life at Los Angeles, executive vice-president; E. E. Wylie, attorney, secretary-treasurer. These officers, with Y. Davis and Max E. Socha, form the directorate. It is understood that much of the stock has already been sold.

Reinstate Inter-Southern Policies

LOUISVILLE, Oct. 13.—Ellsworth Regenstien, director of agents, reports that a good deal of lapsed Inter-Southern business that had been taken over by the Kentucky Home has reinstated and that the lapsation percentage is standing up well. The company is now licensed in Kentucky, Ohio, Indiana and Nebraska, and expects to soon be in Tennessee, Arkansas and Florida. Only seven states are planned for the time being.

Election Contest Great Stimulus

The early incomplete returns from the gigantic election contest being conducted by the agency organization of the Missouri State Life indicates that the project has gone over with a bang. There has been an increase of 80 percent in new business since the contest opened. During the election campaign double credits on qualifications quotas for the Quarter Million and Hundred Thousand club conventions in Chicago next summer will be granted.

Leases New Home Office

ST. LOUIS, Oct. 12.—The State National Life of St. Louis has closed a long term lease on the major portion of the third floor of the six-story office building now under construction at the northeast corner of Eighth and Market streets. The building will be named the State National Life building. The State National Life now has quarters in the Arcade building. It plans to move into its new offices some time in November, Cornelius J. Shea, president, has announced.

J. L. Pauly Is Advanced

J. L. Pauly, for five years manager of the group department, has been made superintendent of agencies of the Union National Life of Charleston, W. Va.

Two Directors Named

A. Thomas Lehman, actuary, and Hugh L. Walker, vice-president in charge of agencies of the Detroit Life, have been elected directors of that company.

Form New Assessment Company

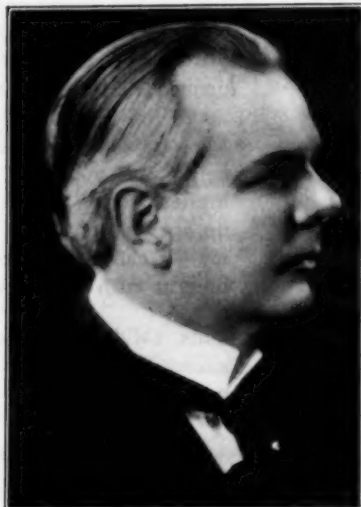
The Black Hills Benefit Life Association, Rapid City, S. D., an assessment

LIFE AGENCY CHANGES

Responsibilities Enlarged

M. G. Hodnette of Denver Becomes Inspector of Agents for Union Central in Mountain Field

M. G. Hodnette of Denver has been appointed inspector of agencies in the Rocky Mountain territory for the Union



M. G. HODNETTE

Central Life. He will retain his position as head of the Colorado agency with headquarters in Denver. He takes over, however, responsibility of a larger character. He has been for 20 years the successful head of the Denver agency and is one of the most forceful and energetic agency managers in the country. His organization is known as one of the most productive units in the Union Central's field workers. Mr. Hodnette is a man of strong personality. His agency is noted for the high average annual production reached with comparatively small man-power. A group of field men averaging about 12 and never exceeding 15 maintains a yearly volume of between \$3,000,000 and \$4,000,000.

Two members of the Denver organization are regular producers of more than \$500,000 paid-for each year. A. W. Tell, Scottsbluff, Neb., and W. B. Rodgers, Pueblo, Colo., were charter members of the \$500,000 Club and repeated the feat last year. Both of these men are within \$25,000 of qualifying for the club the third consecutive time during the current year. A third member of the Denver agency, Clinton Smith of Grand Junction, Colo., is well on his way towards being eligible for the \$500,000 Club this year.

Mr. Hodnette is a native of Texas, where he studied law and passed the bar. He entered the life insurance business 30 years ago, and in 1912 went to Denver to become head of the Union Central agency there. During the past 20

organization, has been incorporated by A. S. Jackson, Lead, S. D.; Thomas Gorman, Timber Lake, S. D.; J. A. Pfeiffer, Hot Springs, S. D.; H. A. Bauer and A. E. Bauer, Rapid City.

Life Company Notes

The Farmers & Traders Life of Syracuse, N. Y., has been licensed in Vermont.

New officers have been elected for the Evangeline Life & Accident of New Iberia, La. They are Lee Junca, president; Mrs. A. J. Aucoin, vice-president, and R. Guillory of Alexandria, secretary-treasurer. Felix Romero and Humbald Romero are directors. A. J. Aucoin, who was president, died two weeks ago.

years in Denver, Mr. Hodnette has won a high place not only in business circles but in the civic and political life of Colorado.

Northwestern Establishes General Agency at Wichita

The Northwestern Mutual Life is establishing a new general agency at Wichita to supervise western and southern Kansas, which has previously been supervised through the Kansas City, Kan., office. Henry W. Laffer of the Northwestern's Oklahoma City general agency of Laffer & Irwin, has been named general agent. P. M. Anderson, former district agent at Wichita with offices in the Wheeler-Kelly-Hagney building, was instrumental in establishing the new general agency. He has been district agent since 1893. A luncheon is being given for the new general agent this week upon his arrival.

Lee White

Lee White has been appointed agency organizer for the Oklahoma agency of the Mutual Life of New York. He succeeds George Bond, who has joined the Union Central Life as manager at Oklahoma City. The position of agency organizer was created in 1928.

Mr. White has been district manager for the Mutual Life of New York at Okmulgee, Okla., for 10 years. Nine times he has been a member of the \$250,000 field club. Before joining the Mutual Life he had experience as a teacher and bank employee.

H. P. Mason

New territory will be opened by the State Mutual with appointment of H. P. Mason, effective Oct. 21, as the first district agent in the Virginia peninsula territory adjacent to Newport News. Mr. Mason will open offices at Newport News, his home city. He has had considerable life insurance experience in the region, as agent, supervisor and district agent at Newport News and later general agent at Nashville. The State Mutual previously has been writing business through the Winchester, Norfolk and Richmond offices since 1920.

J. M. McGovern, M. W. Fitzsimonds

J. M. McGovern and M. W. Fitzsimonds, both of Fargo, N. D., have been appointed manager and assistant manager respectively of the Minneapolis office of the Central Life of Illinois. The office covers Minnesota, North and South Dakota and Montana.

Mr. McGovern has been active in the life insurance work for the last 16 years in North Dakota and for seven years has been North Dakota state manager for the Central Life. His successor at Fargo has not been named. Mr. Fitzsimonds has been sales manager of the Carpenter-Brunsdale Company, investment dealers.

George Bond

George Bond, whose experience in insurance in Oklahoma has extended over many years, has been appointed manager for the Oklahoma City agency of the Union Central Life. Mr. Bond succeeds J. W. Rivers, who becomes supervisor for the midwestern district. Mr. Bond was previously agency organizer for the Mutual Life of New York in Oklahoma. He has been supervisor in direct charge of all agency development for the state for the Mutual Life, outside Tulsa and Oklahoma City.

R. E. Goodman, J. L. Willin

The Provident Life & Accident has appointed Roger E. Goodman an additional general agent at Memphis. He

has had about nine years of life insurance experience, with the Central Life of Iowa, Union Central and National Life, U. S. A. J. L. Willin has been appointed general agent at Camden, Ark. He has had a wide selling experience and has been in life insurance work for about a year, with the John Hancock Mutual.

J. L. Peak, J. M. Shanahan

The United Life of Kansas has been admitted to Ohio and has appointed John L. Peak state general agent with headquarters at Sidney.

Mr. Peak is an experienced insurance man, for several years having represented the Great Southern Life of Kansas state manager.

Joseph M. Shanahan has been appointed general agent for northern Indiana with headquarters at Warsaw.

M. V. Strassburger

Milton V. Strassburger has been appointed general agent for the Continental Life of Missouri at Baltimore, with offices at 5 Guilford avenue.

Kentucky Home Appointments

The Kentucky Home Life has appointed R. E. Rush general agent at Evansville, Ind., and A. L. Scott, general agent at Paducah, Ky.

Life Agency Notes

E. C. Dooley has been appointed special agent for the Continental Casualty and Continental Assurance for southwest Texas, with headquarters in San Antonio.

Wells B. Brown of Benton Harbor has been appointed general agent for the Crown Life of Toronto for southwestern Michigan.

George P. Ropte, formerly with the Phoenix Mutual, has been appointed assistant manager of the Guardian Life, with headquarters in the Farnam building, Omaha.

W. T. Koop, Minnesota manager of the Kansas City Life, is opening a St. Paul office in the Hamm building. The state office will continue to be at 1102-3 Foshay Tower, Minneapolis.

C. F. Tomer of Tulsa, Okla., has been appointed district manager of the National Aid Life of Oklahoma City for Tulsa, Muskogee, Wagoner, Haskell, Sequoyah, Adair, Cherokee and McIntosh counties.

CONVENTIONS

Hold Indiana Agency Meeting

New Monarch Life Appointments in State Announced at Indianapolis Session

E. R. Hobbs of Peru, Ind., has been appointed district manager for northeastern Indiana by the Monarch Life, and K. H. Mandel has been transferred from southern Indiana to the South Bend territory.

Announcement of these appointments was made at the district meeting of the Indiana agency of the Monarch Life at Indianapolis, the first meeting since the arrival of Cliff Coleman, Indiana manager, from the Pacific Coast early in this year to take charge of the office. Present from the home office were President C. W. Young and Vice-President J. W. Blunt. The Indiana agency is tenth in the company.

School of Instruction Held

M. G. Fox, agency manager of the Central Life of Iowa in charge of Cedar Rapids branch, held a school of instruction for his agents. Present from the home office were P. H. Young, superintendent of agents; George T. Carlin.

of life insur-
Central Life
and National
has been ap-
Camden, Ark.
ing experience
nce work for
ohn Hancock

educational director, and V. H. Elling-
son, supervisor.
The Central Life has announced its
annual educational conference will be

held in Chicago during the world's fair
in August, 1933. Special production re-
quirements are necessary in order to
qualify for attendance.

AS SEEN FROM NEW YORK

By R. B. MITCHELL

GRAY TALKS TO C. L. U. MEN

"Can you paint an attractive picture
of life insurance for your prospects
rather than an actuarial picture?" A. E.
N. Gray, assistant secretary of the Pru-
dential, asked members of the New York
C. L. U. chapter at their monthly lunch-
con.

Mr. Gray said he had never discovered
any technical aspect of life insurance
that did not have in it a sales argument
and cited a number of cases from his
selling experience to bring out this
point. One was that of a prospect who
wanted to know why, if he died in the
19th year of a 20 year endowment policy
his family shouldn't get the cash value
as well as the face of the policy. By
explaining that his family would get the
cash value, and how the face amount is
made up of the cash value plus insur-
ance, Mr. Gray succeeded in selling the
man on the investment idea.

The speaker also urged his hearers to
be sure they were able to translate their
knowledge of salesmanship into actual
sales.

"Some of the men who know more
about salesmanship than any of us don't
know how to put their knowledge into
practice," Mr. Gray declared.

The other speaker, Henry Walters, a
member of the chapter and of the
Knight agency of the Union Central,
called attention to the competition aris-
ing from promiscuous licensing of home
office and agency employees to write life
insurance. He also cited instances of
part-timers who make a "racket" of
the business, for example, a purchasing
agent who let it be known that he would
look with disfavor on salesmen calling
on him if they bought their insurance
elsewhere than from him.

MORE FORCEFUL PRESENTATION

That life insurance presentations must
be more forceful and aggressive than
ever before if they are to overcome the
negative attitude of prospects was the
keynote of the series of educational lec-
tures which was given under the aus-
pices of the New York City Life Under-
writers Association.

Director J. E. Bragg of the New York
University life insurance training course
declared that a degree of aggressiveness
that would have sufficed three years ago
is no longer enough. More effort must
be expended in breaking down the po-
tential buyer's "can't buy" attitude. Mr.
Bragg said, for this unwillingness on the
part of prospects to make any new com-
mitments is so universal that the only
remedy is to overcome it rather than to
waste too much time seeking the now
extremely rare prospect whose attitude
requires little changing.

With this thought in mind, Mr. Bragg
went on to outline various ways of de-
termining whether a prospect is worth
spending time on, regardless of what
he might say as to his own ability to
pay for more life insurance.

The opening sessions of the series
were devoted to a review of the funda-
mentals of life insurance to assist the
agent in classifying and clarifying the
prospect's insurance needs. Mr. Bragg
urged his hearers to have the courage
to discuss with their prospects the basic
aims of life insurance, the providing of
the comforts and necessities of life for
their dependents.

L. G. Simon of the Equitable Life of
New York gave a number of valuable
pointers on business insurance, in which
field he is widely known. He warned
his listeners not to specialize so inten-
sively that they neglect their personal
insurance business. He said that busi-
ness insurance was frequently a means
of writing more personal insurance and

that many of his cases which had started
out as business cases turned out to be
solely for personal insurance.

The two classes of business insurance
which make up the vast majority of
cases are (1) insurance to compensate
a firm for the loss of a valuable life and
(2) insurance to retire a decedent's in-
terest and allow the survivor or surviv-
ors to continue operation. Mr. Simon
said. While the former type of business
is easier to handle, he urged those pres-
ent not to neglect the latter class be-
cause of its greater complexity, as poli-
cies are usually larger and more likely
to be productive of further business.

Business cases need not necessarily be
large ones, Mr. Simon said, as a recent
survey of several companies showed the
average of such policies to be less than
\$7,000.

Business insurance is making unusu-
ally good progress, he said, first, because
the surface has barely been scratched,
and second, because of the novelty of
the ideas as far as most business men
are concerned. If you can tell them
something new that affects their busi-
ness it is not so difficult to get their
attention, Mr. Simon said.

The other lecturer, D. B. Maduro,
counsel of the local association, spoke
on the selling aspects of the new federal
tax laws.

FRAUDULENT REPRESENTATION

The New Jersey chancery court in
Prudential vs. Merritt-Chapman & Scott
Corporation decides a case where fraud-
ulent representation is alleged. The
Prudential issued a policy and it con-
tended that statements of fact by the
assured, which were believed to be true,
and on which the company relied in
underwriting the risk, were found to be
untrue. It is contended that since the
complainant alleges legal or conscious
fraud instead of equitable fraud, unwill-
ingly committed, it is entitled to relief
only in a legal form. In support of this
argument the defendant cites section 94
of the insurance act (P. L. 1907 p. 136,
as amended P. O. 1925 p. 436; Cum.
Supp. Comp. Stat. p. 864).

The court holds that the New Jersey
statute was not intended to restrict the
avoidance of life insurance contracts on
the ground of fraud to those cases in
which legal, as distinguished from equi-
table, fraud could be proved. The word
"fraud" as used in the phrase "in the
absence of fraud" is all inclusive. It
undoubtedly means actual fraud which
at law does not exist without moral
culpability; but in equity there may be
actual fraud "without the knowledge
and wrongful intent which constitute
the immorality at law." The distinguish-
ing element of actual fraud is untruth
which at law must be virtually inten-
tional—a falsehood. In equity the inten-
tion is not so essential; it will be pre-
sumed without proof. The motion to
strike is, therefore, denied.

Sales Congress Nov. 16

The date of the Accident & Health
Sales Congress, to be put on by the
Accident & Health Insurance Club of
Chicago, has been set for Nov. 16. The
place has not been decided, nor is the
program complete. R. W. Abbott,
Maryland Casualty, president of the
club, is chairman of the general com-
mittee handling the congress and F. W.
McIntosh, Monarch Life, publicity chair-
man. John V. Rathbone, superintendent
of agents Continental Casualty, Chicago,
addressed this week's meeting of the
club in the Midland club, Oct. 10, on
"Underwriting and the Manager's Re-
sponsibility."



Head Office: Montreal

SIXTY-ONE YEARS of SERVICE

to an ever-increasing number of
satisfied Policyholders, during
which time every obligation has
been fully and promptly met.

SUN LIFE ASSURANCE COMPANY OF CANADA

Head Office: Montreal

STATE MUTUAL LIFE ASSURANCE COMPANY

OF

WORCESTER, MASSACHUSETTS

VISION---

For more than eighty-eight years, sagacious
and conservative management has piloted the
State Mutual through the most perilous dis-
turbances in the economic history of our coun-
try. Today, more than ever before, financial
stability, pure mutuality and a background
rich in the experiences of other years are the
basic principles upon which the State Mutual
is building, in thoughtful anticipation of the
dawn of the greatest ten years in its history of
nearly a century of conservatively progressive
life underwriting.

SINCE 1844

FINANCIAL STABILITY—COMPLETE PROTECTION



SOMETHING NEW THAT IS NEW IN LIFE INSURANCE

*A Dollar's worth for every Dollar paid
regardless of kind of policy purchased*

A \$1,000.00 Endowment Policy, any age at issue, guarantees \$1,961.54 plus Dividends in event policy becomes a claim the year it matures.

Our Twenty Payment most remarkable policy of all—too much to write about in this advertisement.

We have Ordinary with and without Cash accumulation. Without cash value it furnishes Pure Protection Life insurance at non-participating rates but on a participating basis—it is estimated dividends will amount to 50% within a few years, based on actual experience past five years.

Juvenile Policies—Ordinary, Twenty Payment and Endowment from birth, with all the fine features of our Adult Policies. Many other forms of Policies equally attractive.

Operating in Illinois, Michigan, Indiana and Missouri

INTERSTATE RESERVE LIFE INSURANCE COMPANY

Mutual Legal Reserve Life Insurance

Ten East Pearson Street : : : Chicago



Two can live almost as cheaply as one...

\$1 a day more for two persons at Hotel Lexington. For instance, rooms at the minimum rate of \$3 a day for one person, are only \$4 a day for two.

And the Lexington is a new hotel, located in the Grand Central Zone, one block from fashionable Park Avenue.

HOTEL LEXINGTON

In Grand Central Zone, Lexington Ave. at 48th St.
NEW YORK CITY

CHARLES E. ROCHESTER, General Manager

AS SEEN FROM CHICAGO

F. G. BRAY ENTERTAINS UNIT

F. G. Bray, field assistant for the Travelers in Chicago, entertained 20 members of his unit at a dinner at the Midland club. Walt Tower, secretary of the Chicago Life Underwriters Association, the guest speaker, emphasized the payment of \$3,500,000,000 by life insurance companies as a tremendous stabilizing force. Mr. Bray has been with the Travelers only a few months, but has built a thriving unit. He was formerly manager of accident sales for the Missouri State Life at St. Louis.

C. L. U. LUNCH BIG SUCCESS

About 115 C. L. U.'s and prospective C. L. U.'s turned out Tuesday for the first monthly luncheon of the season of the Chicago C. L. U. chapter. Ernest H. Hahne of Northwestern University, who was instructor in economics in the C. L. U. review class in Chicago last year, was the speaker.

An interesting feature of the meeting was a straw vote, showing 80 for Hoover, 22 for Roosevelt, 3 for Thomas and 1 for Foster. Eugene T. Lothgren of the Northwestern Mutual, the new president of the chapter, presided. Mr. Hahne was introduced.

Sara F. Jones of the Equitable and Walter N. Hiller of the Penn Mutual spoke briefly, but enthusiastically of the dollars and cents value of the C. L. U. degree.

Mr. Hahne said that life insurance today demands men who are not merely selling dynamo but who recognize their social duty. Insurance is so important, he declared, that the agent must be able to tell the economic consequences of its sale. A better understanding of the business as it affects capitalistic economy is needed, he said. People who are attacking the capitalistic system, according to Mr. Hahne, are aiming at the heart of what insurance men are attempting to maintain.

Life insurance, according to the speaker, is one of the most fundamental ways in which society today is accumulating its savings and those savings are being used to satisfy the wants of the people. Mr. Hahne pointed out that alarmists are appearing on all sides, particularly from those stock and bond holders who have lost their income, and from laborers who have lost employment. Those millstones, he said, are coming together. It is up to the life insurance men to show that the economic condition today is temporary.

LIFE TRUST CLUB MEETS

Members of the Life Insurance Trust Club of Chicago at their first fall meeting were of the consensus that the leveling process of the depression has been more complete than could have been accomplished by the rashest system of

socialism; that nearly everybody is now on the same level and starting from scratch, and that for the man who improves the present opportunity the depression will be over. A new program was adopted to aid the return of prosperity for their clients, themselves, and the nation. The following officers were elected and committees named: Harry W. Anderson, president, Rockwood Company; A. S. Ingersoll, vice president, Mutual Benefit; R. B. Marsh, secretary, Connecticut Mutual. Committees: Membership—E. Seiler, chairman, Fidelity Mutual; A. L. Kirkpatrick, W. A. Alexander & Co.; R. M. Cagle, Johnson & Higgins, Educational—T. C. Rice-Wray, chairman, T. C. Rice-Wray & Associates; P. W. Cook, Mutual Benefit; C. C. Whitehill, Minnesota Mutual. Program—Richard Steele, chairman, National Life of Vermont; C. P. Blachly, Equitable of New York; G. H. Littell, Northwestern Mutual. Advisory—H. T. Powers, chairman; R. M. Rickey, New England Mutual; E. R. Reynolds, Penn Mutual. Publicity—F. O. Southbrook, chairman, Prudential; E. E. Hawks, Jr., State Mutual; Charles Wible, Phoenix Mutual.

OLD PROSPECT LIST STALE

A number of general agents who have analyzed the business of their field men say that lack of production in at least some cases is due to the fact that the salesmen have not readjusted their prospect lists as they should. Their prospect list has grown stale. It has not been refreshed. Today it is essential that a salesman be able to ascertain where the unspent dollars are. It is generally recognized that there are people who have money hoarded or in banks. They probably have opened an account with the post office. There are many whose salaries have not been cut or at least have not been reduced materially and therefore they are in better shape than they have been because the cost of living is lower.

A well known general agent said that his time is largely given to seeking out for his men proper avenues for canvassing. There is something, for example, in discovering whether there are occupations or activities that have not been hit so hard. There are certain enterprises that are at least fairly prosperous. There are men in some lines of work that are going ahead fairly well.

INSURANCE CALENDARS ON DISPLAY

An attractive display of NATIONAL UNDERWRITER Insurance Calendars appears this week in the Baldwin Printing & Stationery Company's window in the Insurance Exchange lobby. The calendars are printed in rotogravure and there is a different insurance sales picture for each month.

IN THE SOUTH AND SOUTHWEST

Several Offices in Meeting

Gathering of State Mutual General Agencies in Knoxville, Tenn., Draws 75 Agents

Members of the Atlanta, Charlotte, Chattanooga, Durham, Knoxville, Memphis, Nashville, Newport News and Winchester agencies of the State Mutual met for a two-day regional meeting in Knoxville, Tenn., Oct. 10-11.

General Agent T. F. Hazen, Jr., of Knoxville was host and presided at the opening session. R. B. Gordon, vice-president and supervisor of applications, gave an address on stability of the State Mutual and conducted a discus-

sion. J. H. Eteson, assistant superintendent of agencies, spoke on the use of State Mutual sales material.

At the Monday afternoon session S. W. Sparger, general agent in Durham, N. C., for 20 years, presided. Mr. and Mrs. Hazen entertained at tea and a banquet was held.

Britt Is Chairman

Ed. Britt, general agent in Nashville, was chairman Tuesday morning. J. E. Smartt, general agent at Chattanooga; W. G. McCulloch, Charlotte, N. C., general agent; F. W. Hays, general agent at Memphis, and D. W. Ritenour, general agent at Winchester, Va., gave practical talks on current sales problems. H. M. Powell, general agent at Atlanta,

had charge of the afternoon session and gave an inspiring talk.

Metropolitan's Southern Meeting

Eighty-five southern managers and home office executives of the Metropolitan Life attended the conference of the southern group in Asheville, N. C. Among the home office men attending were: E. W. Wilkes, second vice-president in charge of field offices; Dr. D. B. Armstrong, third vice-president, welfare division; J. A. Smithies, superintendent of agencies southern division; F. C. Remington, G. W. Robinson and W. H. Everiss, agency supervisors; J. F. Flood, manager audit division, and A. W. Winterling, section head of the audit division.

W. F. Barron, manager of the Asheville agency, and his staff were hosts to the conference.

Georgia Department Warning

The Georgia department has issued a public warning through newspapers against insuring in companies not au-

thorized in the state. It names specifically a number of mutual benefit and aid societies in different parts of the country that are not licensed in Georgia. There are many of these concerns now in various sections of the country doing business by mail in the state.

Branch Office at Asheville

The Hilliard Agency, representing the Reliance Life at Asheville, N. C., has been made a branch office. E. C. Sparver, Pittsburgh, director of agencies, arranged for the change. R. A. Hilliard, in charge of the Hilliard Agency for eight years, will be director of the branch office.

Schlatter Awarded Cup

Award of a silver trophy cup to R. B. Schlatter featured the barbecue of the Lamar Life in Jackson, Miss., last week. This award was for high honor in a contest between the Schlatter agency of Mississippi and Tennessee and the W. C. Buckley home office agency.

PACIFIC COAST AND MOUNTAIN

Assessment Companies Active

Four New "Chapter 4" Associations Are Now Being Organized in California

Four "chapter 4" assessment life organizations are being formed in California at the present time. Permits have been issued by the insurance department and approval of the names given. Under the provisions of the law, this type of organization need make no deposit but must secure 1,000 members before it can begin operation and only life business may be written. The organizations now in process of formation are: Affiliated Mutual Life Insurance Association with Ira C. Doane, Los Angeles attorney, at its head; Sundown Mutual Life Insurance Association, W. E. Starkey of Whittier, Cal., attorney; Harbor Mutual Life Insurance Society, E. C. Levy, San Francisco, attorney, and the Japanese Mutual Aid Association, Elliott & Calden, San Francisco, attorneys.

Gumm Visits General Agents

Karl G. Gumm, assistant superintendent of agencies of the National Life of Montpelier, has been visiting the West Coast agencies since Aug. 1. He has been in San Francisco, conferring with General Agent F. P. Ebertz. The San Francisco office has submitted about \$250,000 more business than it did during all of 1931. Mr. Gumm has now gone to Portland to install the new general agent, W. J. Smith, who succeeds E. N. Strong. Mr. Smith was formerly group manager for the John Hancock Mutual on the west coast and later had charge of the life department of a brokerage firm in Los Angeles.

Organizing Coast Territory

The Washington National of Chicago is now organizing in Pacific Coast territory. It has appointed Claude L. Hall as general agent in Washington and Harry A. Wares in Oregon.

Launch Guardian Assurance

The Guardian Assurance is being organized at Los Angeles with authorized capital of \$1,000,000. The company, it is understood, will write only accident and health for a time, later entering the life field. George S. Russell is president and Thornton Wilson, secretary.

Aid Employment Campaign

Insurance interests of Los Angeles are taking an active part in the national

Made Director



W. C. SCHUPPEL

W. C. Schuppel, vice-president and general manager of the Oregon Mutual Life, is made a director of the federal home loan bank, which will service the Pacific northwest. Mr. Schuppel is not only active in life insurance but is prominent in civic activities.

program for solution of the unemployment situation throughout the country. The southern California insurance committee is headed by Clark E. Bell, agency director New York Life. Kellogg Van Winkle, agency manager Equitable Life of New York, is in charge of the life insurance division; Chas. Seyler, Jr., of Seyler-Day, casualty and surety; S. L. Carpenter, Jr., of Rule & Sons, local agency; Roy O. Elmore, president Special Agents Association of the Pacific Southwest, special agents; and D. C. Mitchell, Automobile Club of Southern California, home office division.

State Mutual Men on Coast

Stephen Ireland, vice-president and superintendent of agencies of the State Mutual Life, and Irving Ring, chief counsel, are expected in San Francisco about Oct. 15 and plan to spend some time in the Pacific Coast territory.

All books used for Chartered Life Underwriter degree sold by The National Underwriter.

We Have Attractive General Agency Openings in each of the following cities:

Duluth, Minn.
Sioux City, Ia.
Springfield, Mo.
Savannah, Ga.
Jacksonville, Fla.

Bismarck, N. Dak.
Council Bluffs, Ia.
Knoxville, Tenn.
Miami, Fla.
Tampa, Fla.

Our complete line of participating policies includes several contracts designed to meet today's economic conditions.

Also attractive Annuities and Juvenile policies.

For particulars write to
F. A. Hicks, Superintendent of Agents

GUARANTEE MUTUAL
LIFE  **COMPANY**
ORGANIZED 1901 OMAHA, NEBR.

Assets Exceeding \$16,000,000.00

Business Insurance

Security Mutual Life contracts are of special interest to the business man.

As a basis for business protection during the growing years of a new enterprise, we have an unusual policy of broad coverage.

Business men find in Security Mutual Life an organization that is liberal in values, sound in guarantees and gracious in its contacts.

Security Mutual Life
Insurance Company
BINGHAMTON, N.Y.

And Now— Monthly Premiums!

Agents, profiting by the exceptional money-making opportunities of our Golden Rule Contract, now may place Monthly Premium Policies, as well as those on the Annual, Semi-annual or Quarterly basis.

A Monthly Premium Depositing Plan is certain to be popular in times like these.

Columbus Mutual Life
Columbus, Ohio

THE HOME LIFE INSURANCE COMPANY OF AMERICA

PROTECTS THE ENTIRE FAMILY

Home Life Agents are equipped to serve every need for protection. Modern policies are issued on both Industrial and Ordinary plans from birth to Age 65 next birthday. The Home Life sales-kit means a whole family of potential policyholders back of every door-bell.

There Is a Home Life Policy for Every Purse and Purpose

OVER ONE HUNDRED MILLIONS IN FORCE
INDEPENDENCE SQUARE PHILADELPHIA, PA.
(INTERESTED IN REPLIES FROM PENNSYLVANIA AND DELAWARE)

General agencies
await YOU

Are YOU ready to
enlarge your world?

We have excellent General agency openings in Nebraska, Minnesota and Iowa. Splendid contracts—strong support—Council Bluffs, Iowa; Davenport, Iowa; Rochester, Minn.; Lincoln, Nebraska

WRITE US BEFORE MAKING A CHANGE

CEDAR RAPIDS LIFE INSURANCE COMPANY
CEDAR RAPIDS, IOWA

Col. C. B. Robbins,
President

Jay G. Sigmund, Vice-President and
Agency Director

C. B. Svoboda,
Secretary

NEWS ABOUT LIFE POLICIES

New Policies, Premium Rates, Dividends, Surrender Values, and all Changes in Policy Literature, Rate Books, etc. Supplementing the "Unique Manual-Digest" and "Little Gem." Published Annually in May and March respectively. PRICE, \$5.00 and \$2.00 respectively.

New Retirement Form Issued

State Mutual Announces Annuity Written on Either Annual Premium or Monthly Income Basis

The State Mutual has brought out a retirement annuity on two bases, either \$100 annual premium unit or \$10 per month income unit. Payments are guaranteed for ten years and for life. On retirement, annuitant may elect to receive proceeds as a life annuity or as a refund annuity. In event of death of annuitant before maturity of contract a death benefit will be paid to a selected beneficiary, by insured, during the first seven years of the contract, this being the total of premiums paid, and in the eighth year and thereafter exceeding this amount. Cash value and non-forfeiture provisions are given, at the end of the eighth year and the cash value exceeding the amount paid in premiums. Instead of surrendering for cash, insured may receive a participating paid up annuity for ten years certain and for life, a life annuity or a cash refund annuity, payments to begin at the original maturity date. If the annuitant desires to surrender between ages 45 and 75 he may select any of the options available at maturity and have the payments begin at once, thus maturity of the contract is made flexible.

The contract up to maturity is based on 3½ percent reserve and is participating during the accumulative period. If annuitant stops paying premiums and selects a paid up annuity, the paid up policy will participate in dividends until maturity date, but after the annuity payments start the contract is nonparticipating, except that under a ten year certain and continuing form dividends are paid during the installments certain period. Another privilege granted is that of converting the annuity to a life or endowment policy at any time prior to date of retirement, a medical being required, and the new policy being for the amount of insurance original premium would have purchased.

Seaboard Life

The Seaboard Life of Houston now issues two retirement contracts and an economic adjustment policy. The retirement annuity bond provides \$1,000 insurance to retirement age or cash value, if greater, and \$10 monthly life income thereafter, 100 months guaranteed. Retirement ages may be 55, 60 or 65. No medical examination is required. The premium up to age 35 is \$10 a year per unit (\$80 minimum annual premium), monthly income varying with age at issue and at maturity, the latter ranging from 50 to 70. The economic adjustment policy is issued with reduced premium during first three years. Rates are:

Age	Retirement Annuity Bond			Economic Adjustment	
	55	60	65	First Three Years	After
15	\$23.42	\$18.51	\$15.40	7.64	\$14.41
20	28.13	22.07	17.66	7.92	16.29
25	34.77	26.34	20.69	8.32	18.73
30	44.59	32.27	24.78	8.93	21.94
35	59.76	41.12	30.58	9.91	26.23
40	85.61	54.81	38.64	11.20	32.07
45	...	78.04	51.20	12.20	32.07
50	...	...	72.35	16.37	40.29

Sun Life of Canada

The Sun Life of Montreal will now consider insurance on both standard and substandard basis on its new whole life nonparticipating contract. Where the application is for \$5,000 or more the premiums will be taken on a quarterly basis. It will also consider monthly premiums at 6 percent additional where the monthly premiums amount to \$20 or more. The non-participating policy may be converted to a participating within two years.

Dividends Somewhat Reduced

Connecticut Mutual's 1933 Cut Will Average 19 Percent—Interest Rate 4.6 Percent

The Connecticut Mutual has announced new dividends and interest schedules for 1933. Dividends payable next year will be approximately 81 percent of those now in effect. The interest rate on dividends left with the company to accumulate in 1933 will be 4.6 percent and the same rate will apply to funds held against the first settlement option. The company's present dividend and interest rates have been maintained without change since 1926 and the present scale will continue the remainder of this year, the plan being to put the new schedule in effect subject to formal vote of directors in January.

President James Lee Loomis mentions several factors which appear to make this action advisable, the increase in federal taxes amounting to nearly 100 percent and 50 percent increase in postal rates, always a major item for an insurance company. He also emphasizes that violent deaths, which in the normal years 1924-1928 inclusive represented only about 14 percent of the company's death claims, had increased to 17.8 percent in 1931 and for the first nine months of this year amounted to 24.4 percent.

He said it is expected there will be some decrease in net investment income caused in part by carrying as a cash reserve over \$10,000,000 in short term notes and bonds of the United States government at a very low effective interest rate.

The new dividend scale is estimated to represent payment of about \$5,500,000 to policyholders. President Loomis said the contemplated action is because of the desire to maintain the unassigned funds and surplus reserves in amounts more than adequate to serve every purpose.

The new dividend scale for 11 popular forms, showing first year dividends at quinquennial ages, is given below:

Age	O. L.	Graded Prem.		Life Pay		End. 20		End. 25		End. 30		End. 35		End. 40		End. 45		End. 50		End. 55		End. 60		End. 65		End. 70		End. 75	
		20	25	20	25	20	25	20	25	20	25	20	25	20	25	20	25	20	25	20	25	20	25	20	25	20	25	20	25
10	\$3.42	...	...	\$3.71	\$5.67	\$3.08	\$2.96	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
15	3.56	...	...	3.85	5.67	3.20	3.08	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
20	3.73	\$2.36	3.98	5.69	3.39	3.19	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
25	3.89	2.39	4.07	5.72	3.63	3.37	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
30	4.11	2.44	4.19	5.75	3.95	3.59	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
35	4.39	2.50	4.33	5.80	4.41	3.89	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
40	4.75	2.58	4.49	5.91	5.04	4.38	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
45	5.22	2.70	4.72	6.08	6.08	4.85	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
50	5.86	2.86	5.03	6.39	7.92	5.66	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
55	6.73	3.10	5.44	6.93	...	6.93	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
60	7.90	...	...	...	...	9.10	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
65	9.54	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...

Economic Life Policy Is Issued by Central States

An economic life policy with expectancy option is being issued by the Central States Life, providing low cost permanent insurance for whole life, with loan and surrender values. The premium the first five years is little more than for term and afterwards is increased, but substantially less than that which would be charged at attained age for ordinary life. After five years if the insured does not wish to pay the

increased premium he has the privilege of continuing at original rate under the term expectancy option for as long as wishes up to the period of his expectancy according to American Experience.

If he exercises this option a new policy will be issued. If the new policy is carried to end of expectancy period it becomes void but at any time after election of the option except within five years from expiration date the insured has the privilege of exchanging to ordinary life plan at published rate for attained age, reduced by value of reserve on expectancy plan.

Loan and surrender values are available after three years whether the policy is carried on ordinary life or term expectancy plan. The values on term expectancy form reach a maximum and then gradually diminish until they disappear at end of expectancy period. The minimum amount which will be issued is \$2,500. The form is intended primarily for preferred male risks but will be issued to single, self-supporting women engaged in gainful occupations other than household duties, although not to married women, widows or divorcees, nor to substandard risks. Rates are:

Age	First Five Yrs. and Subsequent Yrs. Converted to Expectancy Plan	Sixth and Subsequent Yrs. if Continued Under Economic Life Plan
20	\$ 9.98	\$14.60
25	11.07	16.48
30	12.33	18.96
35	14.38	22.13
40	17.27	27.48
45	21.44	34.79
50	27.31	44.23
55	36.62	57.73

Travelers

The Travelers put new annuity rates into effect, increased in accordance with the general trend of annuities during the past year or so. The table below shows the cost for a life annuity and cash refund.

Age	Life		Cash Ref.		Annuities	
	Single Prem.	\$1,000 Single	Single Prem.	Prem.	Prem.	Prem.
20	\$100 An.	\$10 Mo.	Purch.	\$100 Purch.		
20	2,138.38	2,624.06	46.76	3.31	2,058.40	48.58
25	2,068.86	2,540.63	48.33	3.93	1,982.18	50.44
30	1,989.53	2,445.44	50.26	4.08	1,893.59	52.80
35	1,900.13	2,338.16	52.62	4.27	1,791.66	55.81
40	1,800.72	2,218.86	55.53	4.50	1,675.46	59.64
45	1,691.74	2,088.09	59.11	4.78	1,548.02	64.59
50	1,574.10	1,946.92	63.52	5.13	1,407.75	71.03
55	1,449.04	1,796.85	69.01	5.56	1,258.15	79.48
60	1,318.16	1,639.79	75.86	6.09	1,102.37	90.71
65	1,184.02	1,478.82	84.45	6.76	945.18	105.79
70	1,049.53	1,317.44	95.28	7.59	791.45	126.35

Kentucky Home Life

The Kentucky Home Life has gotten out a preferred risk ordinary policy for a minimum of \$5,000 at comparatively low rates for business and professional people who are above the ordinary risks.

AGENCY NEWS

Liestad Agency Ahead of Allotment and 1931 Record

H. Liestad, agency director of the New York Life in Madison, Wis., with territory covering southwestern Wisconsin, reports that he is ahead of his allotment and also of his last year's production to date. Mr. Liestad throughout the year has concentrated on producing a large number of small cases and thus has been able to show a gratifying increase.

Address Agents, Clients

E. E. Rhodes, vice-president Mutual Benefit Life, addressed a dinner meeting of agents and policyholders of the H. L. Choate agency in Washington, D. C. Mr. Rhodes analyzed the company's strong financial position. About 100 attended, including bankers, lawyers and business men.

ASSOCIATIONS

Chattanooga Men Over Top

Goal Exceeded by 60 Workers in Month of Education and Production—Victory Dinner Is Held

Terminating a month of education and production, 60 members of the Chattanooga (Tenn.) Association of Life Underwriters held a victory dinner to celebrate having written \$1,123,000 ordinary and \$400,000 group in September. Their goal was \$1,000,000 production.

During the month the 60 members attended a class each morning conducted by Vernon T. Grizzard, the last two weeks being devoted to a sales demonstration and talks by members. Mr. Grizzard gave four radio talks.

The first prize for writing the most insurance went to Julian D. Walter, who was chairman of the publicity committee. His production was \$83,500. Second was W. J. Mills with \$68,500. T. B. Thompson was first and Earl Manning second in number of applications received.

The principal speakers at the victory banquet were E. J. McCormack of the Columbian Mutual Life of Memphis, and Mr. Grizzard.

President of the Chattanooga association is E. N. Wester and vice-president is L. W. Rhodes.

* * *

Chicago Activities Started

Trust Man to Speak Oct. 20—Sales Congress With Six Speakers to Be Nov. 18

The season's activities in the Chicago association will start Oct. 20 at a luncheon in the Hotel Sherman, at which Gen. Abel Davis of the Chicago Title & Trust Company will speak.

Date for the sales congress has been set for Nov. 18. It also will be in the Hotel Sherman. Harry T. Wright, associate agency manager Equitable of New York, is chairman of the general committee. There will be six nationally known speakers. The program is being prepared.

The legislative committee met Wednesday and the board held its first fall meeting Thursday night in the administration building of the world's fair, dinner being served there.

* * *

Ottawa, Ont.—"Investors through the medium of the supervised investments of the life insurance companies, the largest investors in securities, hold the power whereby bonds may be returned to their former popularity and true value," said G. D. Finlayson, Dominion superintendent of insurance, addressing the Ottawa association.

"The proven stability of the life companies, together with their assured growth and their ability to meet all situations, leaves the safety of investments in the last analysis in the hands of the insuring public."

In reviewing the experience of the past, he showed that investors had often been attracted by the frills attached to some bond issues. He pointed out that the life underwriters have the opportunity of educating the investing public so that it might guard against the disappointments of the past.

The meeting was largely attended, and Mr. Finlayson said he was particularly impressed when all members joined in repeating the creed of the association.

* * *

Southwest Texas—At the monthly meeting of the Southwest Texas association at San Antonio, Matthew Brown, president of the Texas association, spoke on "Valuable Lessons from the Los Angeles Convention."

The principal thoughts developed were that fine workmanship is essential to the best type of success and that this kind of workmanship can only come from careful and thorough sales preparation. This, he said, requires a thorough analy-

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ANNUITIES

Would You Punt or Plunge?

Here's a problem in football—and salesmanship. Suppose you were quarterback—last quarter—score tied—the ball in midfield in your possession—fourth down, and a yard to go! Would you punt—and play safe—or plunge for the remaining yard? Here's how one of America's great quarterbacks solved the problem.

COMMONWEALTH CORDIAL CO-OPERATION

He used neither orthodox play. Instead, he threw a long pass over the goal line—giving his team a chance to score, yet without risking loss of the ball in midfield—because he *knew* the rules governing such passes.* Do you? In selling life insurance, there are so many agents that don't know the rules—or how to profit by them. They need Commonwealth's Cordial Cooperation—to give them a kitful of "reserve plays"—to use when they need them. Write for more information.

*P. S. He won the game!

COMMONWEALTH LIFE INSURANCE CO. LOUISVILLE, KY.

sis of the needs of the prospect and a thoroughly organized presentation. He also made the point that many policies bought by fathers for their sons fail to function as they should, because the sons have not been made to realize the real values and purposes of this protection. Unless this is done through an analysis of the policy for the young policyholder, the workmanship falls short of being fine.

Richmond, Ind.—Ethical practices in life underwriting were discussed at the last meeting of the Richmond association. Tom Ringer is the new president of the association.

Beaumont, Tex.—O. D. Douglas, Texas manager of the Lincoln National Life, spoke to the Beaumont association on "The Things Necessary for Success in the Life Insurance Business."

Oklahoma City—The program for the remainder of the year 1932 for the Oklahoma association, includes visits from the Tulsa and Dallas associations. The October meeting will be featured by an address on "An Alert Salesman Studies the Trend of the Day," by Pearce H. Young, superintendent of agencies, and a brief talk by Dr. Morton I. Olsen, medical director, Central Life of Iowa. The November meeting program will be provided by the Tulsa association and the December program by the Dallas association. The annual sales congress is tentatively set for Jan. 21.

Flint, Mich.—Flint business men were given a view of life insurance and aspects of the depression at the first of a series of general membership sessions of the Flint Chamber of Commerce which was addressed by Roger B. Hull, managing director National association on "Getting Back Onto Main Street." The meeting was in charge of the Flint association.

Kansas City, Mo.—George H. Harris, Sun Life of Canada, spoke to the Kansas City association October 13.

Bloomington, Ill.—Officers of the Bloomington association were installed at a dinner meeting Monday evening. Chester Wardwell, president of the Peoria C. L. U. chapter, and Hawley Wilson, also of Peoria, described the four-year C. L. U. course arranged by Bradley Institute. The new officers are: Wyatt E. Maupin, president; E. H. Davis, vice-president, and C. O. Hamilton, secretary-treasurer. W. C. Goddard, retiring president, installed the officers.

Tulsa, Okla.—The Tulsa association has undertaken the responsibility of one division of the community fund drive, which begins in Tulsa Oct. 17. E. S. Emmert, Northwestern Mutual, and R. S. Seever, Travelers, president of the Tulsa association, head the division. This step was taken by the underwriters at the meeting last week, at which time Johnson D. Hill, president Atlas Life, and president of the community fund, addressed the association. Prof. J. M. Maurer, University of Tulsa, told of his C. L. U. class at the university.

Northern New Jersey—John M. Ellis, manager new business department Fidelity Union Trust Company of Newark, gave some practical suggestions on the closing of business from a life insurance point of view at the Northern New Jersey association's meeting in Newark. H. C. Lawrence outlined the insurance course sponsored by the association.

Massachusetts—The annual meeting of the Massachusetts association was held in Boston with representatives present from local associations in Worcester, Springfield, Fall River, Lawrence and Boston. George H. Tracey, Boston manager Fidelity Mutual, was elected president; Joseph H. Grady, John Hancock Mutual, Fall River, vice-president, and A. H. Lythgoe of Boston, secretary-treasurer. Merle G. Summers reported on legislative matters as chairman of that committee.

Mutual Benefit Conferences

General agents of the Mutual Benefit Life will hold four regional conferences with company executives this month to discuss various problems facing the company as well as new publications and sales plans.

The first will be held Oct. 17-18 at

the home office in Newark, N. J., and will be attended by general agents from eastern cities. E. E. Rhodes, vice-president, and Oliver Thurman, vice-president and superintendent of agencies, will attend the southern and central conference at Louisville Oct. 20-21, and also the western conference at Denver Oct. 25-26.

John S. Thompson, vice-president and mathematician, G. F. Ream and V. W. Samms, field service managers will represent the home office at the New England conference at Worcester, Oct. 21-22.

John O'Leary Marries

Announcement has been made of the marriage of John J. O'Leary, one of the leading managers of the Western & Southern Life, to Miss Leone Young, of Savanna, Ill. Manager O'Leary is in charge of the Chicago West district office.

STATEMENT OF THE OWNERSHIP, MANAGEMENT, CIRCULATION, ETC., REQUIRED BY THE ACT OF CONGRESS OF AUGUST 24, 1912.

Of The National Underwriter, Life Insurance Edition, published weekly at Chicago, Illinois, for October 1, 1932.

State of Illinois, ss:
County of Cook, }

Before me, a Notary Public, in and for the State and county aforesaid, personally appeared John F. Wohlgenuth, who, having been duly sworn according to law, deposes and says that he is the secretary of the National Underwriter Co., publishers of the National Underwriter, Life Insurance Edition, and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management (and if a daily paper, the circulation), etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, embodied in section 411, Postal Laws and Regulations, printed on the reverse of this form, to-wit:

1. That the names and addresses of the publisher, editor, managing editor, and business managers are:
Publisher—The National Underwriter Co., Chicago, Ill.
Editor—C. M. Cartwright, Evanston, Ill.

Managing Editor—C. M. Cartwright, Evanston, Ill.
Business Manager—H. J. Burrigle, Hinsdale, Ill.

2. That the owner is: (If owned by a corporation, its name and address must be stated and also immediately thereunder the names and addresses of stockholders owning or holding one percent or more of total amount of stock. If not owned by a corporation, the names and addresses of the individual owners must be given. If owned by a firm, company, or other unincorporated concern, its name and address, as well as those of each individual member, must be given.)

The National Underwriter Co., Chicago, New York, Cincinnati.

E. J. Wohlgenuth, Cincinnati, Ohio.
C. M. Cartwright, Evanston, Ill.
H. J. Burrigle, Hinsdale, Ill.
G. W. Wadsworth, Chicago, Ill.
John F. Wohlgenuth, Hinsdale, Ill.
H. M. Diggins, Cincinnati, Ohio.
R. E. Richman, Cincinnati, Ohio.

3. That the known bondholders, mortgagees, and other security holders owning or holding 1 percent or more of total amount of bonds, mortgages or other securities are: (If there are none, so state.)

None.

4. That the two paragraphs next above, giving the names of the owners, stockholders and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company but also, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association or corporation has any interest, direct or indirect, in the said stock, bonds or other securities than as so stated by him.

JOHN F. WOHLGENUTH,
Secretary The National Underwriter Co., publishers The National Underwriter, Life Insurance Edition.
Sworn to and subscribed before me this 24th day of September, 1932.

JOHN B. BERENSCHOT,
Notary Public.
(Seal)
My commission expires Dec. 31, 1932.

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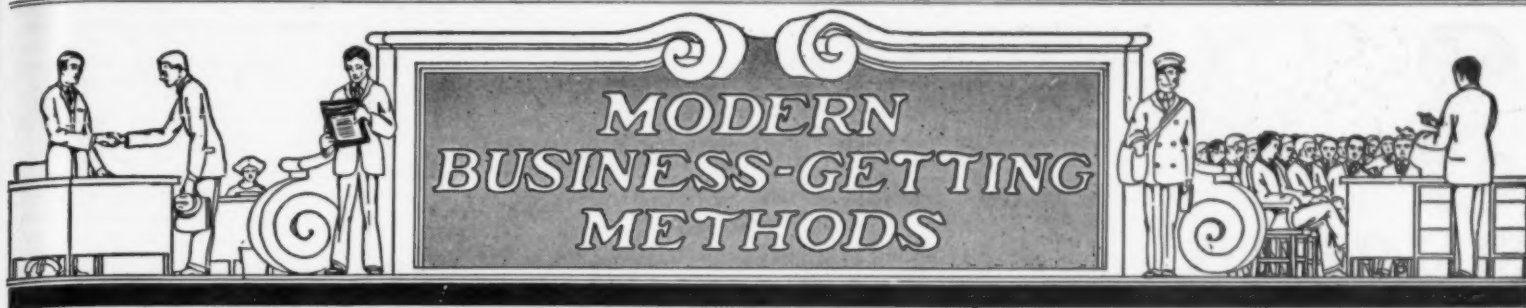
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Important Points of Insurance and Commercial Law Are Covered in C. L. U. Examination Questions

COMMERCIAL AND INSURANCE LAW
(Part IV Continued)

Question 6. (a) What is the difference between an agent and an independent contractor? Give an illustration. (b) "X" employed "Y" as agent for one year on a salary, but died before the expiration of the year. Could "Y" act as agent after "X's" death? Discuss.

Answer—(a) The chief difference between an agent and an independent contractor is in regard to the control exercised over each by the other party to the contract. Over an agent the principal has the widest control and from this fact his liability for the acts of his agent arises. Over an independent contractor the other party to the contract has no control. He may be able to supervise the work, but as long as he cannot direct how it must be done he does not have the requisite control to turn the independent contractor into his agent.

Jones is a salesman for the "X" Hosiery Company. The method by which he sells hosiery and the price at which he may sell are determined by his principal, the "X" Hosiery Company. Jones makes contracts and binds his principal, third parties looking not to Jones but to the "X" Hosiery Company for fulfillment of the contracts.

Williams, on the other hand, buys quantities of hosiery from the "X" Hosiery Company to sell on his own account. He is an independent contractor. He may sell as he pleases, to whom he pleases, and at any price he pleases. He can not bind the "X" Hosiery Company nor are they responsible for any of his acts.

(b) In an agency contract there must be two parties, a principal and an agent. In the event that either party is removed, the contract is terminated because it is one of personal relationship. The contract is terminated by impossibility of performance, for there is no responsible party behind "Y," the agent. "X" is no longer able to engage in business himself so "Y" can not engage in business for him. Death of either party

terminates an agency contract except in cases where the agent's authority is coupled with an interest in the undertaking. The fact that "Y" was to receive a salary for a year does not place his agency contract in this category.

* * *

Question 7. James Parker named his wife and two daughters as beneficiaries under a policy of life insurance, with the right to change the beneficiary reserved to him. The three beneficiaries named in the policy agreed in writing with the insured that, at his death, the insurance money to be received by them would be distributed by them to the creditors of the insured in the manner specified in the agreement, and that any surplus would be paid by them to the executor of the insured as an asset of his estate. The trust agreement was executed and given into the possession of the insured, and at his death was found in his safe deposit box, executed in duplicate.

After the death of the insured, the beneficiaries refused to abide by the terms of the agreement, contending that the trust agreement was not delivered, was supported by no consideration, and was not valid. The creditors contended that the declaration of trust was complete, and that it created an equitable estate in them. As between the creditors and the named beneficiaries, decide and discuss fully.

Answer—The creditors have an equitable interest in the insurance proceeds. No consideration is necessary as between the insured and revocable beneficiaries to permit a valid declaration of trust by the insured. The joinder of the beneficiaries in the agreement is evidence of the knowledge by the beneficiaries of the insured's intention. The retention of the executed trust agreement in the insured's safe deposit box is ample evidence of a trust, although delivery of the trust agreement is not essential to its validity.

Question 8. William Wright was the insured under a policy of life insurance

payable to his wife, reserving the right to change the beneficiary. The policy provided that no change should be effective until endorsed on the policy.

The insured and his wife were separated, and on March 4, 1930, at insured's request, his attorney wrote to the insurance company stating that the insured desired to name his mother as beneficiary. The insured had instructed his attorney to sign the necessary blanks in his behalf for change of beneficiary, but the attorney, being of the opinion that the insured himself should sign the blanks which were forwarded by the insurance company, hold them in his office for that purpose. The insured was killed on March 9, 1930, without ever having signed the necessary blanks.

The insured's wife, the named beneficiary, instituted an action against the insured's mother and the insurance company. The insurance company deposited the proceeds into court, alleging that the same were claimed by both the wife, as beneficiary, and the mother. From a judgment awarding the proceeds to the insured's mother, the insured's widow appealed. Decide and discuss fully.

* * *

Answer—The insured's widow can recover. A policy of insurance is a contract which must be fulfilled to the letter. The policy requirement called for the endorsement of any change of beneficiary on the policy itself. Such a provision is reasonable and desirable. Neither the assured nor his agent, the attorney, had signed the necessary papers to effect the change. If the attorney had been duly appointed as attorney-in-fact to execute the papers and had done so, or if the assured himself had executed the papers and delivered them to the insurance company, and the company then had delayed making the necessary entries, the transaction would have been complete and the mother would be entitled to the proceeds.

In such a case there would be no question or doubt as to the insured's intention. In this case, however, Wright is responsible for the failure of his agent to complete the change and, therefore, Wright did not complete the change. The fact that Wright and his wife were separated did not effect a change of beneficiary, although it gave Wright good reason to do so, nor did it affect the insurable interest supporting the

contract. Hence, the provision of the contract must be adhered to and the proceeds of the policy awarded to the wife.

Creditors' Claims Against Insurance Proceeds Debated

Question 9. Johnson possessed policies of life insurance in the amount of \$60,000 which were issued in Ohio, while the insured was a resident there. The insured and his wife, the beneficiary, later changed their residence from Ohio to Nebraska, where insured subsequently died. This suit was instituted by the insured's administrator against the widow to recover, for the benefit of insured's creditors, such portion of the proceeds as were purchased by the annual premiums paid by the insured in excess of \$500 per annum in accordance with the laws of Nebraska at the time of the insured's death. Under the laws of Ohio, premium payments not in fraud of creditors are wholly beyond the reach of creditors. Premium payments were not made in fraud of creditors. The premiums, after removal to Nebraska, were paid in Nebraska, although the contract proper was executed in Ohio. Decide and discuss.

Answer—The administrator cannot recover. The contracts proper were executed and came into being in the state of Ohio, at which place they were free and clear of claims by the insured's creditors. The fact that the insured subsequently removed to Nebraska did not and could not impair the validity of the contracts purchased in Ohio, and the Nebraska creditors were not prejudiced in consequence of the payment of insurance proceeds to the insured's widow. The payment of premiums in the state of Nebraska on an Ohio contract did not change it to a Nebraska contract, but represented fulfillment of an executory Ohio contract.

Counter Offer Made by Company Is New Proposal

Question 10. Suit on a note given by applicant to agent for the first year's premium on a policy of life insurance. The application stipulated for certain features, including double indemnity. The company refused to issue the policy upon the ground that applicant was overweight, but issued another policy containing different stipulations and features to meet as nearly as possible the requirements of applicant. Applicant

Responsibility--

There is no factor so vital to the institution of life insurance as the character of those who present it to the buying public. The whole structure of confidence and respect stands at the mercy of the fieldman; the popular conception of life insurance can be clarified or distorted—depending upon his tactics. The agent is indeed the keeper of a weighty trust.

These things being true, it follows inevitably that the man who traduces his competitor, or who misrepresents, or who lacks the highest sense of fair play and honesty, is actually a menace to the entire institution.

It is far better to lose business than to gain it through trickery or at the expense of a competitor's reputation. Sharp practices and mud-slinging are the refuge of the morally and mentally unfit—a sure indication of shortcomings that brand their users as undesirables of the lowest order.

The sooner these evil influences are eternally barred, the more quickly will life insurance demonstrate that it is the world's most humanitarian and altruistic business.

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Hotel Fort Shelby is more than a truly great hostelry. It embodies veritably all the facilities and accommodations to be found in the downtown area of a metropolitan city: Barber Shop, Beauty Parlor, Swedish Baths, Cigar Store and Haberdashery, Drug Store, Western Union Office and Flower Shoppe. Each of its 900 rooms is equipped with servitor, circulating ice water and private bath. Radio for every room. Music and dancing every evening in the Main Dining Room... no covert charge. Fort Shelby rates are attractive not merely because they are so reasonable, but because they give so much for so little... beginning at \$2.50.



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refused to accept the policy and agent finally left it with the applicant's wife, declining to accept its return. Applicant refused to pay the note on the ground that there was a failure of consideration. Decide and discuss.

Answer—In legal terms the procedure described in this question may be stated as follows: The applicant made an offer to the insurance company when he signed the application for insurance. The agent remitted the offer to his company, accompanying it with a note as consideration. The company refused to accept the offer of the applicant because of underwriting problems involved in his overweight. This terminated that offer. The company made a new offer or counter-offer to the applicant by sending back a policy not exactly the same as the policy applied for. The applicant refused to accept this offer. Hence, there was no contract. Leaving the policy with the applicant's wife did not constitute good delivery, nor can it be used to show acceptance of the company's offer by the applicant.

The life insurance policy is a contract. It must fulfill all of the requirements of a contract. The original offer made by the applicant was accompanied by a note, to serve as consideration for the contract when finally issued, and the contract to serve as consideration for the note. Since the company rejected the offer the consideration for which the note was given has failed. The note can not be validated by the mere making of a counter-offer on the part of the company. The minds of the parties did not meet and no contract came into being. Hence the applicant has received no consideration for his note and failure of consideration is a valid defense against the agent or the insurance company.

PART V Finance

Question 1. It has frequently been maintained that the holding company device permits concentration of control over large capital accumulations with only a small capital investment on the part of the controlling interests. (a) What is a holding company? (b) Explain and illustrate how concentrated control is attained by a holding company.

Answer. (a) A holding company is a separate corporation organized for the purpose of securing control of two or more independent companies in a competitive or related field. The idea of this control is to eliminate or reduce competition and to make for larger profits through centralized management.

Pyramiding Process Is Used to Gain Control

(b) A holding company may gain concentrated control by a process of pyramiding. Thus a relatively small amount of capital can control a vast amount of other people's money by simply holding a majority interest in the holding company, which in turn holds the majority interest or "working control" of other corporations. These corporations might in turn hold control in other corporations and so on more or less indefinitely, and in any or all of the cases the assets might be many times the amount of the voting stock.

Thus, assume the XYZ holding company incorporated for \$1,000,000—\$100,000 of which is class "A" voting stock and \$900,000 of which is class "B" stock. The class "A" stock is the only stock having voting privileges, therefore \$51,000 of this stock would have control of the entire fund. The remaining \$49,000 of the class "A" could be sold to special friends or associates. The \$900,000 could be sold to the public or exchanged for controlling interest in going corporations, not the entire stock but just a sufficient amount for the holding corporation to gain the control of management and policies.

The funds and resources of the newly acquired corporations can be used to purchase control of subsidiary, allied or

competing firms and by this means control of a vast fund of other people's money is effected by a small group with limited capital.

Investment Trusts Have Gained in Favor

Question 2. During the past decade investment trust securities have attained considerable popularity with investors in the United States. (a) What is meant by an investment trust? (b) Distinguish between an investment trust and a holding company. (c) What investment features, if any, are incorporated in investment trust securities?

Answer. (a) An investment trust is an organization whereby securities are deposited with a designated person or company to hold, as trustee under a trust agreement, for the interest of persons holding collateral interests therein as represented by certificates of ownership called investment trust certificates. The organizer of the trust deposits the acquired securities with the trustee who issues the investment trust certificates. The financing of such trusts is accomplished in much the same way as that of other security issues. They are often underwritten by a syndicate, and the investment houses dispose of them to the public.

(b) The primary object of a holding company is control. The organizers and managers of investment trusts do not usually seek control, however, but expect to make a profit from the difference between the purchase price of the securities placed in trust and the sale price of the trust certificates. Furthermore,

the holding company usually operates in one type of industry while an investment trust portfolio may include many.

(c) Diversification is the principal investment feature of a so-called investment trust and by this diversification permits the small investor to gain the advantages of a large investor in the spread of shares and at the same time relieves him of the burden of selection. The convenient denominations in which these securities are issued is also an advantage to the small buyer. Since the holdings of an investment trust are usually equity or share holdings it cannot be said to be secure as to principal, as required of an investment.

Its income is dependent on dividends, or earnings, and it therefore cannot be said to qualify as to certainty in income. It is marketable only as long as the managers maintain a market. It is properly classed as a speculation, rather than as an investment. By the spread, or diversification, it seeks to reduce the risk, and perhaps is the safest way to put money into common stocks, in small amounts, but by multiplying the risks, or increasing the number of risks, it does not eliminate the risk as is popularly although erroneously supposed.

Questions and answers to Part V will be continued next week.

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